



Daily Report

East Asia

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Investors Cannot Afford To Ignore ASEAN

BK2911072695 Bangkok THE NATION in English
29 Nov 95 pp B1,B2

[Report by Utsani Hararuk]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha told participants in the Pacific Rim Forum, which began a four-day conference in Bangkok yesterday, that ASEAN and Thailand cannot be ignored as they are the centre of economic growth in Asia and therefore the centre of business for the future.

In his 15-minute opening address to the forum, Banhan emphasized the importance of ASEAN, saying that a ten-member ASEAN Free Trade Area [AFTA] by the beginning of the next century would expand the benefit expected to be derived from the trade and services liberalization within the ASEAN region.

"The ten will also represent an important market with a combined population of almost 400 million people whose purchasing power will continue to rise," he said. "A question you must ask yourselves is whether you can afford not to be engaged in business with the ASEAN countries."

Banhan's address officially opened the Pacific Rim Forum conference, which 500 participants — 100 of whom are leading Thai corporate figures — have paid at least US\$4,250 to attend.

Organized by the Australian-based Pacific Rim Forum, the conference, which follows the San Diego, Bali and Beijing forums, is to prepare corporations for the 21st century, especially regarding changes and trends in the Asia-Pacific region.

Notable foreign speakers attending the forum include Paul Kennedy, author of *The Rise and Fall of the Great Powers*, who will discuss ways of preparing for the 21st century, and Paul Krugman, who will discuss the Myth of Asia on Dec 1.

Finance Minister Surakiat Sathianthai is scheduled to deliver the keynote speech today, followed by former Deputy Prime Minister Dr. Suphachai Phanitchaphak speaking on the topic of Asia in the 21st Century. Later in the day, Deputy Prime Minister Dr. Amnuai Wirawan will deliver a speech on Thailand's economic policy towards the 21st century.

On the topic of ASEAN, Banhan said that ASEAN economic cooperation would not be limited to the creation of the AFTA goods and services bloc. ASEAN plans to extend cooperation to include intellectual property. "ASEAN's economic potential, therefore, is almost without bounds and will only be limited by the

imagination and political will of the ASEAN Ten," he claimed.

To lure potential investors to Thailand, Banhan said several changes have been implemented in Thailand. He cited the trend towards deregulation and reduced government intervention as well as the acceleration of infrastructure development.

"These factors, coupled with the economic potential of ASEAN and AFTA, have made Thailand an investment destination well worth consideration," he said. "You should be able to answer for yourselves whether you can afford not to have a business presence in Thailand."

Ramos Views Steps To Build 'Culture of Peace'

BK0112053895 Quezon City Radio Filipinas
in English 0230 GMT 1 Dec 95

[FBIS Transcribed Text] Philippine President Fidel Ramos said the Philippines has taken concrete steps to build a culture of peace with its ongoing peace process with various rebel groups. The president spoke at the closing of the 2d International Forum on Peace at the Philippine International Convention Center. The president said and we quote, we have much to contribute to this global culture of peace on the basis of our experience in resolving conflicts. I know that many of your recommendations are measures that we in the Philippines have already initiated as part of its comprehensive peace process, end of quote. The president said the distinguishing feature of the Philippine peace process is its being carried out with the active participation of the people, ordinary citizens, people's organizations and other organized groups.

The president urged the UNESCO which organized the Manila forum on peace to focus its programs and areas torn by conflicts. He said, and we quote again, I call upon UNESCO to immediately focus its programs to help [word indistinct] peace processes now taking place all over the world and to encourage the initiation of peace processes where they still do not exist, end of quote.

While peace building is a difficult task, the president added, the importance of having a (global) imperative that requires of all peoples a common vision toward a global culture of peace. [sentence as heard]

The president, after accepting the eight-point recommendation for peace by the participants at the end of the five-day forum, urged the people's organizations and the NGO's [nongovernment organizations] to strengthen the quest for that global culture. The president said the forum has been effective in bringing together the common approaches of countries towards peace-building strategies.

'Bolder Vision' for 'Investment Region' Agreed On
BK2911063195 Bangkok THAILAND TIMES
in English 29 Nov 95 p B1

[FBIS Transcribed Text] Bangkok — The heads of ASEAN investment agencies have agreed to use bolder vision with their investment activities.

The meeting taking place during November 27-28 endorsed the proposal to establish the "ASEAN Investment Region," leading to the implementation of several measures to increase the attractiveness and competitiveness of ASEAN as an investment location.

The bold vision set on investment evolves around three major objectives, namely, attracting foreign investment into ASEAN, promoting intra-ASEAN investment and boosting ASEAN investment in other regions. This vision will call for more efforts to be jointly implemented by all ASEAN members.

These joint efforts range from joint promotional companies, exchange of information and data, and simplifying investment procedures to consider reviewing the existing ASEAN Agreement on Investment Protection and Promotion.

These activities are incorporated in the plan of action adopted by the meeting. Many of these activities are already being implemented, but rather on an individual basis. Competition for foreign investment on a country basis will turn into a group effort which will benefit the entire region.

The meeting also agreed to launch a project to establish the ASEAN supporting industry database proposed by Thailand.

ASEAN Customs Meeting Reaches Agreement
BK0112053995 Hanoi Voice of Vietnam in English
1000 GMT 30 Nov 95

[FBIS Transcribed Text] The meeting between ASEAN directors-general of customs in Hanoi has reached an agreement to further cooperate to work implementing the common effective preferential tariff scheme as well as an ASEAN agreement on customs will be completed, providing a legal framework for customs cooperation between member nations.

Bank Governors Sign Asian Currencies Agreement
BK2111053595 Bangkok BUSINESS DAY in English
21 Nov 95 p 1

[Report by Staff Writer Brett Cole]

[FBIS Transcribed Text] Bank of Thailand Governor Wichit Suphinit yesterday signed a repurchase memorandum of understanding (MoU) in Hong Kong with his Australian, Hong Kong, Indonesian and Malaysian counterparts.

The repurchase agreement to establish credit lines allows the five countries' central banks to sell US bonds to one another in amounts of no less than \$25 million. The bonds have to be repurchased within seven days.

Kliaothong Hetrakun, Bank of Thailand spokesperson, said the lines of credit would be used to prevent future volatility in world capital markets adversely affecting Thailand.

"It will give confidence to foreign investors who want to invest in Thailand as they will not have to adversely suffer from future fluctuations in world markets," said Dr. Kliaothong.

She would not disclose the value of US bonds the central bank has in its reserves, but treasury officials at major banks estimate that the Bank of Thailand has around \$35 billion in foreign exchange reserves.

Dr. Kliaothong added that the seven day repurchase deadline could be extended in extraordinary circumstances.

A treasury markets officer with a foreign bank welcomed the announcement of the credit lines between the central banks of the region.

But he warned that in "times of stress they could all want to borrow from each other at the same time."

"As the Mexico events showed, an attack on one dollar-linked currency leads to an attack on all dollar-linked currencies," the treasury markets officer said. "The Hong Kong dollar, the baht, the Malaysian ringgit and the rupee are all dollar linked. So these countries may need to borrow at the same time."

Japan

Official: 'No Need' To Renew Semiconductor Pact

OW0512102695 Tokyo KYODO in English
0938 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Japan sees no need to renew the 1991 Japan-U.S. semiconductor agreement beyond its expiration in July next year, a high-ranking Foreign Ministry official said Tuesday [5 December].

"We believe it should not be renewed," the official said on condition of anonymity.

He cited as reasons for his contention more active co-operation between Japanese and U.S. microchip makers than existed when the bilateral accord was concluded, as well as increased semiconductor output by other countries' manufacturers.

U.S. Trade Representative Mickey Kantor has made it clear the United States wants the agreement renewed to address remaining barriers in the Japanese semiconductor market.

Tokyo opposes the idea of renewing the pact under which the share of foreign-made chips in its domestic market has grown to more than 20 percent.

The foreign market share, which stood at about 14 percent in 1991 before the accord was reached, has risen steadily, to stay above 20 percent since late 1993.

Murayama To Start Lawsuit on Base Leasing 6 Dec

OW0512114895 Tokyo KYODO in English
1105 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Prime Minister Tomiichi Murayama will start procedures Wednesday [6 December] for a lawsuit to secure land leaseings to U.S. forces in Okinawa after Okinawa Gov. Masahide Ota rejected his order to sign documents needed for the forced leasing of land, government officials said Tuesday.

Murayama will instruct Justice Minister Hiroshi Miyazawa on Wednesday to file the suit, seeking a court order for Ota to sign the documents for forcing local landowners to renew leases on their land to U.S. military bases, part of which are to expire in March next year, the officials said.

The suit is likely to be filed with the Naha branch of the Fukuoka High Court as early as Thursday.

The move was prompted by Ota's official rejection of Murayama's order which arrived at the Prime Minister's Office on Tuesday morning.

The step, the first lawsuit by the central government against a governor concerning entrusted administrative work, could fan antigovernment flames burning in Okinawa over the U.S. base issue.

Lawyers for the prefectural government are preparing to fight the case using constitutional arguments attacking the special circumstances and alleged injustices that occurred at the time the bases were set up.

The suit is expected to be a drawn-out battle between the central and local governments.

The central government could be forced to resort to a special provision in the law for emergency use of land for U.S. forces to secure continued use of land in Okinawa after part of the current rental contracts expire in March.

If Ota refuses to follow a court order to sign the documents, thereby forcing Murayama to sign them himself, there would be further legal wranglings that could last for a number of months.

Ota has repeatedly said he would not follow the central government's administrative advice or order.

To justify his refusal, he has invoked the Okinawa people's wishes to reduce U.S. bases there following the Sept. 4 rape of a schoolgirl for which three U.S. servicemen are on trial.

Murayama has ordered Ota to sign lease contracts covering 35,000 square meters of sites owned by 35 landowners.

Okinawa, about 1,600 kilometers southwest of Tokyo, is home to some 75 percent of U.S. military facilities in Japan. The prefecture accounts for a meager 0.6 percent of the nation's land area.

Town Council Urges End to U.S. Drills

OW0512081395 Tokyo KYODO in English
0754 GMT 5 Dec 95

[FBIS Transcribed Text] NAHA, Japan, Dec. 5 KYODO — The town assembly of Kadena, Okinawa Prefecture, passed a resolution Tuesday [5 December] calling for an immediate termination of U.S. military drills.

Passed in a special assembly meeting, the resolution says the U.S. unified drills, code-named "Beachcrest," are intensifying the noise from the Kadena Air Base to an unbearable extent.

The resolution says the tremendous noise from aircraft is destroying the basic conditions of living in the nearby areas.

It also requests a ban on flights, takeoff and landing of airplanes at the base between 7 P.M. and 7 A.M., as well as on circulating and low-altitude flights over residential areas.

The drills are scheduled to continue until Dec. 15.

Hatoyama Says Okinawa Bases Could Move Abroad

*OW0512090195 Tokyo KYODO in English
0810 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — U.S. bases in Okinawa could be moved not only out of the prefecture to other parts of Japan but also abroad, a leading member of one of the ruling coalition parties said Tuesday [5 December].

Yukio Hatoyama, secretary general of New Party Sakigake [Harbinger], the smallest of the coalition parties, made the remark at a press conference.

"Thinking of the issue from the point of the U.S. presence in Asia, their destinations will not necessarily be sought in Okinawa or other parts of Japan," he said.

It is not easy to find places in Japan that would accept U.S. bases now stationed in Okinawa, but the government should put more importance on the burden Okinawa people have shouldered due to heavy presence of U.S. bases, he said.

"If possible, we should think about moving a considerable part of them to other regions, and the destinations would not be limited in Japan," Hatoyama said.

Hatoyama and the secretaries general of the other two coalition parties — the Liberal Democratic Party and the Social Democratic Party — will go to Okinawa on Wednesday to observe local U.S. bases and meet prefectural officials.

Okinawa has stepped up demands to reduce U.S. bases there after the September rape of a local schoolgirl, for which three U.S. servicemen are on trial.

Some 75 percent of U.S. bases in Japan are concentrated in Okinawa Prefecture, which accounts for 0.6 percent of Japan's land area.

Tokyo To Address Noise, Quarantines at Talks

*OW0512104395 Tokyo YOMIURI SHIMBUN
in Japanese 3 Dec 95 Morning Edition p 2*

[FBIS Translated Text] On 2 December, a government source said that the Japanese and U.S. Governments are going to conclude a "noise reduction agreement" as the first step to settle the U.S. base problems on Okinawa. The source also said the two governments are likely to accept Okinawan requests for identification number

plates for military vehicles and for normal quarantine inspections of military and paramilitary personnel as well as the animals and plants they bring in. The Japanese Government will officially offer these plans to the Okinawa Prefectural Government at the second round working-level talks under the "Council on U.S. Base Problems on Okinawa" scheduled for 15 December. The U.S. Government is going to accept these reform plans in general, and the three parties are likely to reach certain agreements on these points.

The national government intends to fully study Okinawa's demand for the reduction of U.S. military facilities when the Okinawan Government works out an action program for the return and redevelopment of U.S. bases. As the Okinawan Government is having difficulties in coordinating the opinions of municipal offices concerned, the action program "will not be ready before the end of the year" (as noted by a coalition lawmaker specializing in foreign affairs).

The Japanese and U.S. Governments already have noise reduction agreements for Yokota Air Base in Tokyo and Atsugi Naval Air Station in Kanagawa. According to the agreements, U.S. Forces using Yokota and Atsugi should carry on operations under certain regulations on flight hours, air route altitudes, and noise reduction devices.

However, Okinawa's request for noise reduction agreements are still pending as U.S. Forces claim they are adequately controlling noise problems with their 14-point self-restraint policy to minimize 1) weekend flights, 2) flights over residential areas, and 3) touch-and-go exercises. Yet, the Foreign Ministry says "an agreement for Okinawa is possible" because U.S. Forces have their self-restraint policy because they take positive attitudes toward noise control.

Okinawa has been expressing its strong frustration with difficulties in identifying U.S. military vehicles involved in traffic accidents — sometimes hit-and-run accidents — because their identification number plates are often very hard to see. Also, Okinawa has been expressing concern over the possibility of the spread of contagious diseases by lenient quarantine regulations applied to U.S. military and paramilitary personnel as well as the animals and plants they bring in. Okinawa is therefore insisting that regular quarantine and immunization rules for alien residents be applied to U.S. military personnel.

On these grounds, the Japanese and Okinawan Governments are going to discuss noise reduction, vehicle identification plates, and quarantine rules during the working-level talks on 15 December. As these proposals are seemingly not very difficult for U.S. Forces to accept, some of them may be formally offered to the

U.S. Government at the first meeting of the working group under the "Special Action Committee" scheduled for later this month.

Envoy to U.S. on Security Pact, Mutual Ties

OW0312143695 Tokyo MAINICHI SHIMBUN
in Japanese 2 Dec 95 Morning Edition p 3

[Interview with Kunihiro Saito, newly-appointed ambassador to the United States, by political reporter Takuro Kawade; place and date not given; first paragraph is Kawade's introduction]

[FBIS Translated Text] At every opportunity, Tokyo and Washington have stressed the significance of the relations between Japan and the United States by saying that Japan-U.S. relations are "the most important bilateral relationship." Although U.S. President Bill Clinton's visit to Japan was scheduled for this year — which marks the "50th anniversary of the war's end" — to tell the nation and world that the Japan-U.S. Security Treaty is necessary and important, the visit has been postponed until next year. It is unclear how the relations between the two nations will develop from now on. I asked Kunihiro Saito, newly-appointed ambassador to Washington, how Tokyo intends to promote Japan-U.S. relations, which are entering a new phase. Saito is scheduled to leave for his new post at the end of the year.

[Kawade] How do you assess the entire Japan-U.S. relationship?

[Saito] The two sides have maintained very close and good relations. This close relationship is seen in every field. And each side has benefited in most fields.

[Kawade] President Clinton's visit to Japan has been postponed until next year. Does this have any impact on bilateral ties?

[Saito] I do not believe so. The delay was inevitable because there were special reasons on the part of the United States. It is not good if his visit is canceled. But it has just been postponed.

[Kawade] Do you think the government will be able to win public understanding concerning the importance of the Japan-U.S. security arrangements?

[Saito] Okinawa's base issue has come to the forefront following a very tragic incident on the island. There has also been controversy over the bilateral security system since then.

[Kawade] It appears to be difficult to solve the "Okinawa issue."

[Saito] It will be impossible to settle the problem in a way that fully satisfies the Okinawan residents. Anyway, it is true that a heavy burden has been imposed on Okinawa. The government has to ease this burden. Although (the Japan-U.S. Special Action Committee) is allowed one year for addressing Okinawa's base issues, it will have difficulty finding sites (where some U.S. military facilities on Okinawa will be relocated). At any rate, both Japan and the United States are heading for the same goal.

[Kawade] Some people have expressed their displeasure about the government's intention of not seeking a reduction in the number of U.S. troops stationed in Japan.

[Saito] The two nations have discussed reducing the U.S. military presence in Japan. However, as a body who operates the forces, Washington has the priority right to decide on the scale and formation of U.S. forces. Japan has maintained the security pact for its safety. Washington has deployed forces to Japan based on its estimate of the number of troops needed to fulfill its duties, as stipulated in the pact. It is unreasonable for Japan to ask the United States to reduce the number of troops. We should not make such a demand.

[Kawade] It is hard for the general public to understand why the government has not sought the revision of the Japan-U.S. Status of Forces Agreement.

[Saito] The revision itself is not bad. But it takes time because there are many points to review. Thus, it is better if improving the accord's implementation does any good. True, this method helped solve the issue concerning the early handing over to Japanese authorities (of U.S. servicemen suspected of committing crimes in Japan).

[Kawade] Are you trying to say that the substance of the accord is more important than the form?

[Saito] That is right.

[Kawade] Japan and the United States have been on good terms in the economic arena since the auto trade dispute was settled. However, some people point out the possibility of semiconductor and photo film problems flaring up again next year.

[Saito] It is natural that these issues will surface again. But we do not need to panic because they will not undermine the foundation of the Japan-U.S. relations.

LDP Approves SDF Use of Arms in Golan Heights*OW0512065895 Tokyo KYODO in English
0413 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The Liberal Democratic Party (LDP) accepted a government plan Tuesday [5 December] for Self-Defense Forces (SDF) troops to participate in a UN peacekeeping mission next year in the Israeli-occupied Golan Heights, on condition they carry light machine guns and pistols to defend themselves.

LDP officials said the party accepted the plan for safety reasons during a meeting in Tokyo of its members who are in the cabinet or are responsible for its foreign affairs and defense policy.

Defense Agency Director General Seishiro Eto, who is an LDP member, also told a press conference after a morning cabinet meeting that he thinks the SDF personnel should carry three machine guns like the Canadian troops they will replace.

The government has informally told the parties in the ruling coalition — the LDP, the Social Democratic Party (SDP), and New Party Sakigake — that it wants the SDF troops to carry three light machine guns in addition to pistols.

But Prime Minister Tomiichi Murayama's SDP takes the view that pistols are sufficient and is opposed to the machine guns.

The key difference between the two major coalition partners poses difficulties for a pending policy coordination meeting of the parties from Thursday.

The government plan allows for the sending of a 43-member Ground Self-Defense Force transport unit and a 60-member Air Self-Defense Force unit to join the Syria-based UN Disengagement Observer Force to take over duties from Canadian troops, such as transporting food and other supplies.

MITI Minister Hashimoto Defends UNSC Bid*OW0512131995 Tokyo KYODO in English
1254 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — International Trade and Industry Minister Ryutaro Hashimoto met his young supporters Tuesday [5 December] night and defended Japan's bid to obtain permanent membership in the UN Security Council.

"I think we should act while asserting to the international society that we have no arms to point at other peoples. If this is accepted, there is nothing bad about becoming a permanent member of the Security Council," Hashimoto said at his Liberal Democratic Party's headquarters in Tokyo, where 700 students gathered.

Asian people do not allow Japan's Self-Defense Forces to be armed and operate internationally because of the country's deeds in the region before and during World War II, he said.

Hashimoto told the students that either a consumption tax increase or an insurance scheme for elderly care is needed to support Japan's aging society.

He also hailed the Nov. 16-19 high-level meetings of the Asia-Pacific economic cooperation forum in Osaka for its new-type approach to concerted and self-initiated economic liberalization.

The youths filling the hall questioned Hashimoto on both domestic and international issues, what he wants to do if he becomes prime minister — and what brand of hair cream he uses for his unique hairdressing.

Castro 'May' Meet VIP's During Tokyo Stopover

*OW0512094295 Tokyo KYODO in English
0850 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Japan will make arrangements for Cuban President Fidel Castro to meet Japanese "important figures" if he makes a stopover in Tokyo next week, a top government spokesman said Tuesday [5 December].

Chief Cabinet Secretary Koken Nosaka, however, did not say whether the figures would include Prime Minister Tomiichi Murayama, saying Castro has not made any such request and the government has not organized anything for such a stopover.

"If there is a request of such meetings, I think we have to accept it," he told a press conference.

A Foreign Ministry official said Tuesday that Castro may make a stopover in Japan around Dec. 12 after his trip to China and Vietnam.

Cuban officials traveling with Castro have told the Foreign Ministry that his stopover in Japan would be brief and would not be official.

It would be the first time for Castro to set foot in Japan.

Japan has asked Castro to feel free to come to Japan, Nosaka said.

When asked about Castro's possible stopover, Pedro Monzon Barata, counselor at the Cuban Embassy in Tokyo, said the embassy has no information about the reported plan.

Foreign Ministry spokesman Hiroshi Hashimoto said there is no stumbling block for Castro's stopover as Japan has diplomatic ties with Cuba.

The spokesman also said no meetings between Castro and Japanese Government officials have been scheduled because the expected stay in Japan will be very short.

North Korea's Future Analyzed

962B0005A Tokyo THIS IS YOMIURI in Japanese
Nov 95 pp 132-139

[Article by Hajime Izumi, professor, International Studies, Shizuoka University: "Signs of a Collapse in North Korea: Faces Dilemma Between Opening Country and Maintenance of Status Quo"]

[FBIS Translated Text]

Time travels fast as more than one year has already gone by since the death of Kim Il-song on 8 July of last year. A review of that period shows that the Democratic People's Republic of Korea (North Korea) has maintained relative stability and it can be said to have assumed generally pragmatic policies. When one considers the fact that considerable potential did exist on the one hand for the creation of several "worst-case scenarios" such as the intensification of military tensions owing to political unrest and social turbulence or acceleration of nuclear weaponry development owing to disruption of U.S.-Korean negotiations, we should probably give appropriate recognition to the record established by North Korea over the past year.

However, there never has been any assurance that it will maintain such a record in the future because there are several hurdles that must be overcome to assure that Pyongyang will continue on a realistic course while enjoying stability.

First, we can mention that Secretary Kim Chong-il, who is supposed to be the heir apparent, has not been appointed to the post of national leader. Kim Chong-il to this day has not assumed the post of "National President" which his father maintained as national leader and the post of "Korean Workers Party general secretary" which signify the title of the Number One position in the nation.

The fact that the position of the highest authority has remained vacant for over a year can only be termed as an "abnormal situation" for those of us who are outsiders. However, in North Korea where Confucian traditions are given exceptional weight, the explanation that Secretary Kim Chong-il has been "in mourning and has avoided assumption of official leadership appointments," can be thought of as having had considerable persuasiveness. Accordingly, it would probably be pre-

mature to conclude that an abnormal situation exists within the authority structure in Pyongyang.

Power Vacuum Must Be Filled

However, even though we are speaking of North Korea, the "abnormal situation" cannot be tolerated forever. Power vacuums must necessarily be filled sooner or later. Now that a decision has been made on the disposition of the remains after a year from the death of President Kim Il-song to "preserve it for time immemorial," it would not be strange that there are increasing number of people within North Korea who assume that the "mourning period has essentially ended."

Moreover, North Korea will greet the "50th Anniversary of the Founding of the Korean Workers Party" on 10 October. To greet this national event with the position of general secretary, the highest post in the Korean Workers Party, in a vacant status should probably be regarded as an "abnormal situation" in the eyes of the North Korean people.

One paragraph was added to the Constitution which was revised in April 1992 reading, "The Democratic People's Republic of Korea will conduct all of its affairs under the guidance of the Korean Workers Party" (Article 11). At that point, North Korea took special pains to reconfirm and stress the "superiority of the party over the nation." From that time on, a decision can be considered as having been made for Secretary Kim Chong-il to succeed Kim Il-song as Korean Workers Party general secretary, not to mention the post of national president. Even the people of North Korea probably expect succession to be a logical one.

After his father's death, routine honorific reference to Secretary Kim Chong-il was switched from the former "Beloved Leader" to "Great Leader." However, those titles are nothing more than honorific in nature. From the standpoint of legitimacy of authority, the title of party general secretary is still indispensable. That being the case, if Secretary Kim Chong-il should preside over the commemorative ceremonies of the 50th Anniversary of the Korean Workers Party with only the title of "secretary," the situation will probably provoke considerable skepticism among the North Korean people concerning the truth and future of the Kim Chong-il regime.

Based on the reasons stated above, this writer believes we cannot eliminate the possibility that on 10 October Secretary Kim Chong-il will preside over the ceremonies with the title of "Korean Workers Party general secretary."

According to the "Korean Workers Party Charter" which was modified at the Sixth Rally of the Korean Workers

Party in October 1980, the general secretary will be elected during the plenary session (general meeting) of the Party Central Committee (Chapter 3, Paragraph 24). He is not elected at the party rally. In other words, the proceedings are very simple if one thinks of opening a party rally, and if it is desired to effect appointment before 10 October, all that needs to be done is to call a Party Central Committee general meeting prior to the 10th and elect Kim Chong-il to the position of general secretary. Moreover, since Central Committee general meetings can be held in "secrecy" without public notice, there is the possibility that Secretary Kim Chong-il has already been elected as general secretary.

Appointment as Party General Secretary Cannot Be Celebrated in an Elaborate Manner

However, even if that is the case, it is believed that 10 October will not be used to combine the "Ceremony to Celebrate Appointment to General Secretary" of Secretary Kim Chong-il and the ceremonies to mark the 50th Anniversary of the Founding of the Korean Workers Party. This summer, North Korea suffered extensive damage as a result of several heavy rain storms. The reason is that Kim Chong-il will not, in any way, be allowed to celebrate his appointment to party general secretary, without any firm prediction as to when a recovery can be made from the damage suffered in the rain storms.

Accordingly, even if Secretary Kim Chong-il makes an appearance under the title of Korean Workers Party general secretary, there is the possibility that any "confirmation of appointment" will be of a very brief nature. If one were to take a somewhat astute view of the situation, such a quiet appearance would enable a savings in expenses associated with appointment, providing for a more desirable approach for Pyongyang under the conditions that it faces today.

However, even if Secretary Kim Chong-il succeeds in being appointed as Korean Workers Party general secretary, issues which must be addressed are truly numerous and many of the issues pose difficulties in determining an effective solution. In fact, if Secretary Kim Chong-il should appear on 10 October without the title of general secretary, the situation should be considered as being extremely serious.

As stated previously, North Korea was hit by concentrated heavy rainfall from July to August, and suffered unprecedented damage. Most of its grain belt suffered serious damage and this fall's harvests will decline substantially below last year's bad results. Secretary Kim Chong-il must first deal with recovery from the disaster, especially the procurement of food supplies. Addition-

ally, he must make arrangements for housing and heat for disaster victims before the advent of winter.

However, the fact that such operations are not at all easy has already become clear. One can visualize the seriousness of the situation from the very fact that Pyongyang asked for help from the United Nations without any hesitation. There is considerable potential that delays in recovery will provoke social instability, revealing itself in the form of discontent with the Kim Chong-il regime.

Faced With the Need To Deliver on Father's "Unfilled Promises"

Difficult issues are not limited to the foregoing. Secretary Kim Chong-il is faced with the need to deliver on his father's "unfilled promises." In other words, he must deliver on the promise of economic recovery, especially "elevation of the people's living conditions (elevation of people's living standards)." Basically, "elevation of the people's living conditions" has been positioned as the supreme objective of the Korean Workers Party. Unless that proposition is achieved, it would probably not be an exaggeration to say that the Kim Chong-il regime has no future.

Dealing with economic reconstruction will indeed require the launching of "policies completely different" from those of his father. No longer applicable are policies of the past stressing "independent recovery." Such reconstruction will not be possible without opening North Korea's doors to international society and obtaining aid and cooperation from the West. In other words, indispensable will be the adaptation of "open-door policies."

Over the past 30 years, President Kim Il-song espoused "independent recovery" and endeavored to achieve economic growth and the elevation of the people's living conditions, but such efforts met with complete failure. Thus, the only path left for Secretary Kim Chong-il to follow is the "opening of the country" to international society. However, debarking on such a path itself poses a very difficult option, and even if he were able to do so, there is the strong risk that it will lead to "ringing his own neck." If he should aggressively initiate open-door policies, not only will capital and technology flow into North Korea from the external world, but values differing from those of North Korea and "winds of freedom" will flow into the country.

Exposure of the North Korean people to the "realities" of international society will logically brew discontent and criticism among them concerning the Kim Chong-il regime. Especially, if they are directly exposed to the economic growth and progress in democratization

of their South Korean brothers, it should lead to acceleration in such discontent and criticism. However, if Pyongyang leadership should hesitate to open the country out of fear of such potential outcome, the Kim Chong-il regime will be confronted by crisis. This is truly a case where there is a trade-off relationship between "economic improvement" and "maintenance of the Kim Chong-il regime."

To begin with, it is believed that Secretary Kim Chong-il is sufficiently aware of the above-stated difficulties. Accordingly, on the one hand, it is believed North Korea will endeavor to reinforce the system for thorough ideological education, while, on the other hand, aggressively act to improve relations with the United States and Japan and engage in interchange with South Korea, while proceeding in the direction of opting for open-door policies on a so-called "selective, partial" basis.

Assume Direction of "Muddling Through"

The foregoing approach will not seek a "break through" relative to the current situation but can be referred to as an attempt to seek a way of "muddling through." It will involve the removal of elements that are dangerous to maintenance of the regime and adaptation of only those elements that are advantageous to economic reconstruction.

However, the possibility that such an attempt will succeed is indeed very limited. No matter how much an attempt is made to restrict opening to a "selective, partial" basis, information on the "realities" of international society will definitely flow into North Korea. Especially, the fact that information on South Korea will penetrate into North Korean society can be construed as being unavoidable. As a result, even if North Korean economic recovery begins, there is the possibility that the North Korean people, who become aware of South Korea's "real affluence," will intensify their discontent concerning the Kim Chong-il regime.

Thus, from the mid- and long-term standpoint, it can be expected that North Korea will be confronted by extremely difficult conditions. Moreover, the fact that North Korea was hit by an unprecedented disaster in advance of Secretary Kim Chong-il's appearance in an official public capacity is believed to have increasingly intensified the need for us to seriously consider actions to be taken in response to "post-Kim Il-song North Korea" as well as "post-Kim Chong-il North Korea."

Need To Consider Short- and Mid-Term Scenarios

Now, the question is, what action must we take at this stage? Logically, on the one hand, we must anticipate the collapse of the Kim Chong-il regime and begin

to prepare for that eventuality. When we speak of anticipating the collapse of North Korea, there are a number of scenarios that can be visualized. As an example, there is the issue of timing. The flood damage of this summer could possibly cause an early collapse in the regime, while open-door policies may result in the advent of a crisis several years later. There is the need for us to consider both short- and long-term scenarios of that nature.

Then, there is the important issue of format. It is conceivable that the "post-Kim Chong-il" regime will give birth to a democratic government, but contrariwise, there is the possibility of a military government adopting a fundamentalist, hardline posture. We probably cannot eliminate the possibility of intensifying power struggles and a situation in which we see rapid changes in government on a short-term basis. Under such conditions, there is the potential for increased military tensions between North and South or the eruption of civil war within North Korea.

A collapse in the North Korean regime would probably have the effect of accelerating the unification of the Korean peninsula. That being the case, there is a need for us to begin studying ways to respond to a postunified Korean peninsula. As an example, the German experience shows that unification costs can become huge beyond projections and that there is the possibility that economic aid will be sought. The question becomes, to what extent can we respond?—we must clarify the scope of our capabilities in this respect.

With respect to the issue of a "collapse in the Kim Chong-il regime," we should probably first prepare a number of potential scenarios, then specifically and in detail study the requirements for coping with each scenario, and finally proceed with action on those items which prove feasible. Needless to say, on the other hand, we should not disregard the potential that North Korea will assume a realistic posture and succeed in a so-called "soft landing." No matter how small that possibility may be, we must make an effort to encourage such an outcome. If the Kim Chong-il regime should collapse, it must not be a case where we functioned as idle onlookers, but a case where we failed to provide proper guidance as a "responsible member of international society."

Expect No Short-Term Compromise in Japan-North Korea Negotiations

Finally, I would like to discuss Japan-North Korea relations in view of the foregoing facts. Negotiations for the normalization of Japan-North Korea relations will

probably reopen eventually. However, many problems await resolution between Japan and North Korea and we do not expect a compromise will be reached on a short-term basis. Accordingly, for the foreseeable future, we can say that there will be no large-scale economic aid extended from Japan to North Korea. The result is an expected further exacerbation of the economic plight of North Korea. And, that condition will pose difficulties for the preservation of the Kim Chong-il regime.

On the other hand, there is the potential that North Korea will become aggressive in seeking normalization of Japan-North Korean relations even at the cost of repeated concessions as a means to acquire economic aid from Japan. However, if one considers the fact that regime of Japan-North Korean diplomatic relations will inevitably promote the opening of North Korea internationally, it would appear that that trend will serve to undermine the Kim Chong-il regime on a mid- and long-term basis.

Thus, in the future, whether progress is seen in Japan-South Korea relations or relations remain in a stagnant status, we should probably assume that either situation will basically negatively affect the "preservation of the Kim Chong-il regime." If we consider the potential outlook from the standpoint of the unification of the Korean peninsula, improvement in Japan-North Korean relations will probably have the effect of "somewhat delaying its timing," while stagnation in Japan-North Korean relations will probably have the effect of "somewhat accelerating its timing."

Economic Recovery Will Minimize Unification Costs

It is probably obvious as to which outcome would be more desirable for us. The reason is that it would work to our advantage if progress is made in Japan-North Korean relations, normalization is realized, and North Korean economic recovery takes place even to a limited degree, because such a trend will lessen the costs of unification. Such is the lesson that we have learned from the experience with the German unification. In looking back at 15 years of German unification, Theo Sommer, copublisher of DIE ZEIT points out:

"Germany increased its size based on unification, but forfeited vitality.... For the foreseeable future this nation is a giant crushed by a huge burden.... West German citizens complain that they have been forced to pay an outrageous price to rescue East Germany.... On the other hand, East Germans complain bitterly that West Germany fails to provide adequate support" (YOMIURI SHIMBUN, 10 September 1995).

We certainly cannot eliminate the possibility of such a situation arising after the unification of the Korean

peninsula. That being the case, it can be said that it is indispensable to achieve even a minimal recovery in the North Korean economy prior to unification. Basically, improvements in Japan-North Korea relations should play a positive role in that respect. In the future, as we promote negotiations to normalize relations between Japan and North Korea, we should remain mindful of that very fact.

OECD To Provide Loans to Morocco, Kazakhstan

OW0512095695 Tokyo KYODO in English
0846 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The Governmental Overseas Economic Cooperation Fund (OECD) said Tuesday [5 December] it has signed agreements to provide loans to Morocco and Kazakhstan to finance industrial development projects.

The institution said a sum of 7,236 million yen will be provided to Kazakhstan to expand the country's railway transportation capacity, especially to meet the growing passenger and cargo traffic through its border with China.

Kazakhstan is the third Central Asian nation to obtain a loan from the institution, following Uzbekistan and Kyrgyzstan, it said.

The loan will be used to purchase necessary goods and services for the project.

The fund also said it will provide 3,330 million yen to Morocco for the reform of the Kenitra thermal power plant on the country's sea coast.

It said the project calls for "repowering" the plant by installing a gas turbine as a heat recovery steam generator to reduce emission of harmful gases such as carbon dioxide and nitric oxide.

Both loans carry an annual interest rate of 3 percent, the institution said.

It said the loan to Morocco is repayable in 30 years, including a 10-year grace period, while the loan to Kazakhstan is repayable in 25 years with a seven-year grace period.

More on Y13.5 Billion to Morocco

OW0512134495 Tokyo KYODO in English
1316 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Japan will extend a low-interest loan of 13.5 billion yen [Y] to Morocco to help finance an irrigation project in the North African country, Foreign Minister Yohei Kono said Tuesday [5 December].

He made the pledge in a meeting with Taieb el-Fassi Fihri [name as received], Morocco's secretary of state for foreign affairs and cooperation, Foreign Ministry officials said.

El-Fassi Fihri arrived in Japan on Monday for a three-day stay and his second trip to Japan following one in June 1991.

During the 30-minute meeting, Kono lauded Morocco's active role in trying to achieve a durable peace in the Middle East, the officials said.

The foreign minister also expressed hope that Japan and Morocco will further their friendly relations, they said.

The Moroccan official thanked Kono for Japan's fresh official yen credit, adding he hopes the two nations will strengthen bilateral ties in such fields as trade, cultural exchange and tourism.

FY96 Budget Expected To Rise 3.0 Percent

*OW0212090995 Tokyo KYODO in English
0832 GMT 2 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO — Japan's fiscal 1996 general account budget is expected to rise 3.0 percent for a five-year high to 73 trillion yen [Y], Finance Ministry sources said Saturday [2 December].

The sources said growth of expenditures on social security, defense and other priority items will be held down to around 2.0 percent, the lowest in eight years.

The scale of the new budget will inflate due to a sharp increase in national bond servicing costs exceeding 20 percent to around 16 trillion yen, the sources said.

As a result, the ministry will resume transferring funds to a special account for the redemption of national bonds after an interval of four years, the sources said. About 3.5 trillion yen will be shifted to the special account next year, they said.

The national bond servicing costs will account for more than 20 percent of the total general account expenditures for the first time in three years, they said.

The outstanding balance of national bond issues will top 240 trillion yen at the end of fiscal 1996, they said.

The sources said tax revenues will remain at a low level of around 51 trillion yen due to the prolonged recession while no substantial increase in income from other sources is expected.

The revenue shortfall will be covered by issuing deficit-covering bonds worth more than 10 trillion yen and construction bonds totaling about 10 trillion yen, the sources said.

The ministry plans to slash budget requests by ministries and agencies by around 1 trillion yen for a total budget of 43.9 trillion yen, they said.

To encourage a swift economic recovery, expenditures on public works projects will be given a preferential rise of about 4.0 percent for the sixth consecutive year, while those on education and official development assistance will be curbed, the sources said.

Defense outlays may expand in view of demands by the Liberal Democratic Party for a further rise over 2.9 percent as planned by the Finance Ministry, the sources said.

Government Working Out FY96 Economic Outlook

*OW0412145895 Tokyo KYODO in English
1154 GMT 04 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 4 KYODO — The government has begun working out its economic forecast for fiscal 1996 following the release Monday [4 December] of data on Japan's gross domestic product (GDP) in the July-September second quarter of fiscal 1995, government sources said.

The economic outlook will be prepared by the Economic Planning Agency (EPA), in consultation with the Ministry of Finance (MOF) and the Ministry of International Trade and Industry (MITI), before Dec. 20 when the MOF is due to informally release its national budget plan for fiscal 1996 that starts next April, the sources said.

The EPA expects the Japanese economy to start a gradual recovery early next year thanks to the correction of the yen's strength against the dollar, the economic stimulus packaged adopted by the government in September and an increase in corporate capital spending.

Within the government, the economy is thought certain to grow at the 2 percent level in fiscal 1996, compared with about 1 percent predicted for fiscal 1995.

Prime Minister Tomiichi Murayama and EPA chief Isamu Miyazaki said they expect the economy to grow around 2 percent in fiscal 1996.

The EPA, MOF and MITI will discuss the fiscal 1996 economic outlook with a growth rate of 2.5 percent in mind, the sources said.

But the MOF is calling for a growth forecast of lower than 2.5 percent as it fears strong calls will be made for an additional stimulus package if the projected growth rate appears unlikely, the sources said.

Japan's GDP grew 0.2 percent in real terms in July-September over the preceding quarter, with the seasonally adjusted figure translating into an annualized growth of 0.6 percent, according to the EPA.

EPA Head Comments on Gross Domestic Product

*OW0512033595 Tokyo KYODO in English
0241 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The nation's top economic planner said Tuesday [5 December] that personal consumption and corporate capital spending are slowly recovering, although the overall economy remains sluggish.

At a news conference, Isamu Miyazaki, director general of the Economic Planning Agency (EPA), said, "Gross domestic product (GDP) data for the July-September quarter underscored the agency's assessment that the Japanese economy remains at a standstill."

But, he added, "from a long-term perspective, personal consumption and corporate capital outlays — two major driving forces of private-sector demand — are slowly recovering."

In the GDP report released by the EPA on Monday, Japan's real GDP was shown as growing only 0.2 percent in the July-September quarter from the preceding quarter, due to sluggish exports resulting from the yen's advance against the dollar earlier in the year.

Miyazaki said production is expected to improve slightly by the end of December as inventory adjustments are progressing well.

He also described recent movements on the currency market as "stable," and said that at present, he cannot find any factors in Japan or abroad that would cause exchange rates to fluctuate widely.

Concerning the additional interest rates imposed on Japanese financial institutions in their raising of funds abroad, Miyazaki said "worries over the 'Japan premium' have been dwindling."

The Japan premium had risen sharply soon after the revelation of the huge bond-trading loss scandal at Daiwa Bank's New York branch.

Hashimoto: GDP Data Attests to Weak Economy

*OW0512031695 Tokyo KYODO in English
0159 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The latest statistics on the nation's gross domestic product (GDP) reconfirm the weakness of Japan's economy, International Trade and Industry Minister Ryutaro Hashimoto said Tuesday [5 December].

"A 0.2 percent GDP growth in the third quarter is nothing we can boast about," Hashimoto told a news conference.

The July-September GDP grew a seasonally adjusted 0.2 percent from the preceding quarter for an annualized gain of 0.6 percent, according to a report released by the Economic Planning Agency on Monday.

Domestic demand accounted for 0.7 percentage point of the 0.2 percent gain while external demand pulled it down by 0.5 point.

"The data showed that external demand dropped conspicuously," Hashimoto said.

He then said the statistics generally "endorsed our views that the economy is moving weakly," although there are some bright signs, such as "a gradual recovery" in personal spending and corporate capital spending.

"I want the new stimulus package to be steadily worked into the nation's economic activity so that the economy can be put on a smooth growth track," Hashimoto said.

Hashimoto repeated his call for the government to issue deficit-covering bonds to make up for expected revenue shortfalls in fiscal 1996.

"We have no option but to count on deficit-financing bonds," Hashimoto said.

He said there are three possible ways to ensure fiscal 1996 expenditures are financed — accepting the need to scale back the entire Japanese economy, raising taxes, or issuing bonds to cover government spending.

"The first two options are not acceptable," Hashimoto said, and therefore, he added, flotation of deficit bonds is "an inevitable choice" for lifting the nation's sagging economy.

Jusen Rescue Installments Eyed for Farm Lenders

*OW0512084295 Tokyo KYODO in English
0719 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The Finance Ministry and the Bank of Japan (BOJ) will allow agricultural financial institutions to contribute some 1.5 trillion yen in installments as part of a plan to dissolve housing loan firms [jusen], ministry and BOJ sources said Tuesday [5 December].

Farm-related financial institutions, the largest group of creditors to housing loan companies, would be exposed to the risk of bankruptcy if they are requested to provide necessary loss-covering donations in a lump sum, the sources said.

The Finance Ministry and the Agriculture, Forestry and Fisheries Ministry are in negotiations to wrap up a scheme to liquidate seven of Japan's eight housing loan companies which are struggling under the heavy load of nonperforming loans.

Under a disposal scheme to be worked out by the end of this week, the banks which founded the housing mortgage firms are expected to relinquish all their claims.

Financial organs affiliated with agricultural cooperatives are to donate 1.5 trillion yen to a vehicle to be set up to liquidate the housing loan firms, in return for a guarantee that they will get back all the principal of their loans to the housing lenders.

Farm financial institutions' combined outstanding loans to the seven housing lenders amount to about 5.4 trillion yen, breaking down into 800 billion yen held by Norinchukin Bank, the central institution for agricultural cooperatives, 3.3 trillion yen by the National Credit Fund Association of Agricultural Cooperatives and 1.3 trillion yen by the National Mutual Insurance Federation of Agricultural Cooperatives.

The latest proposal by the Finance Ministry and the Bank of Japan is intended to make it easier for these agricultural financial groups, which are demanding total freedom from the financial burden, to participate in the scheme, the sources said.

Apart from introducing installment plans, the Finance Ministry is also considering asking the founding banks to shoulder part of the 1.5 trillion yen donation, possibly about 500 billion yen, the sources said.

Even under such a scenario, however, the National Credit Fund Association of Agricultural Cooperatives, for example, would need to put up tens of billions of yen, a financial burden expected to worsen its financial standing significantly, the sources said.

Founding Banks Reject Burden in Housing Case

OW0512084795 Tokyo KYODO in English
0730 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Banks that founded struggling mortgage companies are not prepared to put up money for their disposal beyond their outstanding loans to them, a banking leader said Tuesday [5 December].

If the founding banks are forced to provide money beyond such a limit and such a request is unacceptable to shareholders, the banking industry will bring the case to court, Toru Hashimoto, chairman of the Federation

of Bankers Association of Japan told a regular news conference.

The founding banks are at odds with financial institutions affiliated with the nation's agricultural cooperatives, the largest group of creditors to the housing mortgage companies, over the share of the burden for their expected dissolution.

The Finance Ministry and the Agriculture, Forestry and Fisheries Ministry are in negotiations to reconcile the conflicting views of the two parties in a bid to formulate a disposal scheme by the end of this week.

Last week, a task force of the ruling coalition came up with proposals that favor the agricultural financial institutions.

Further on Banks Rejecting Burdens

OW0512104895 Tokyo KYODO in English
0944 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Banks which founded the currently struggling housing loan companies [jusen] will not bear the burden of liquidating them beyond the level of the banks' outstanding claims against such companies, a top banker said Tuesday [5 December].

Toru Hashimoto, head of the Federation of Bankers Associations of Japan, said at a press conference, "Founding banks' maximum responsibility should be the amount of their lending to housing loan companies."

"If a liquidation scheme planned by the finance and farm ministries is unexplainable and unreasonable to our shareholders, we are ready to take a legal step to liquidate housing loan companies," Hashimoto said.

The founding banks remain at odds with financial institutions affiliated with agricultural cooperatives, the largest creditors to the mortgage companies, over the burden each should share to liquidate the struggling housing mortgage companies.

Last Friday, the tripartite ruling coalition urged the Finance Ministry and the Agriculture, Forestry and Fisheries Ministry to draw up a disposal scheme for the seven of Japan's eight housing loan companies by the end of this week in line with a set of guidelines the coalition drew up.

But the guidelines met a sharp reaction from the founding banks which say the agricultural sector is favored too much.

Under the guidelines, the founding banks are to give up all their claims while the farm financial institutions are to put up only 1.5 trillion yen against their total loans

of 5.4 trillion yen to the seven as donations to a vehicle to be set up to take over debts and loans of the seven lenders, banking sources said.

The Finance Ministry is also considering asking the founding banks to shoulder even part of the 1.5 trillion yen contribution, the sources said.

Hashimoto said creditors other than the founding banks should shoulder losses from the liquidation of the seven mortgage companies "on an equal footing in proportion of their lending to housing loan companies."

"It is not reasonable to make a difference" in the financial burdens of the banks and agricultural-related financial institutions, he said.

Hashimoto did not rule out the possibility of the founder banks' investing in a loan-collecting entity, saying, "I cannot say absolutely no."

Whether to invest or not will depend on each founding bank's involvement in management of its housing loan company, he said.

In this regard, Hashimoto said the Finance Ministry has yet to decide on whether a single entity or seven separate entities should be established to take over the debts and loans of the seven housing loan firms.

Hashimoto said founding banks will not bear the cost of losses that may arise when the debt-collecting entity sells real estate property put up as collateral for loans to the seven mortgage companies.

"Private banks will fulfill the responsibility by waiving all their claims. A further burden is impossible," Hashimoto said.

The government should bear such losses from the public coffers, he said.

Hashimoto rejected the idea of using a planned Japanese version of the U.S. Resolution Trust Corp. (RTC) to solve the problem.

"It is advisable to separate the two organs as the Japanese RTC is for deposit-taking financial institutions while the housing loan firms are moneylenders which do not make deposits," he said.

The financial authorities plan to reorganize the Tokyo Kyodou Bank, which was set up to take over operations of two failed credit unions in Tokyo, into a Japanese version of the RTC for the liquidation of the failed Kizu Credit Union based in Osaka.

Local Public Firms' FY94 Losses Reported

OW0512090695 Tokyo KYODO in English
0827 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Public corporations run by local governments suffered net losses totaling 90.5 billion yen in fiscal 1994 to last March 31, expanding their cumulative deficit to 2,801.9 billion yen, the Home Affairs Ministry reported Tuesday [5 December].

The ministry said revenues of public corporations in such fields as transportation, water supply and hospitals grew a modest 0.9 percent over the previous year to 21,441 billion yen.

Water supply services, the main source of income for local public corporations, posted a profit of 125.3 billion yen, up from the previous year's 81.1 billion yen, due to recovery of demand, the ministry said.

Sewage services chalked up an 18.9 billion yen profit after breaking even the previous year, owing to a rate hike, it said.

All nine subway networks operated by local governments suffered deficits, boosting their combined losses by 25 billion yen over the year before to 182.3 billion yen, the ministry said.

The biggest loss of 28.6 billion yen was reported by the municipal subway operated by Sapporo, capital of Japan's northernmost main island prefecture of Hokkaido, it said.

Losses suffered by public hospitals shrank 22.5 billion yen to 91.6 billion yen but 57 percent of the total of 422 institutions remained in the red, the ministry said.

Gist of Telecommunications Deregulation Draft

OW0412153395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Dec 95 Morning Edition p 2

[FBIS Translated Text] The following is a summary of the final draft of a report by the Deregulation Subcommittee under the Administrative Reform Committee:

Generalities

Ever since the communications industry was liberalized in 1985, more and more new common carriers (NCC) have entered the market. This has promoted competition, particularly in the long-distance-services sector, and the lower rates have benefited users. We believe that there are severe restrictions against type I carriers regarding such aspects as market entry and exit, approval for changes in operational services, and setting of service rates, and thus carriers are limited in what

they can freely do. Meanwhile, there is a bottleneck in that the Nippon Telegraph and Telephone Corporation (NTT) continues to monopolize local networks, on which competitors are forced to rely. Because of this unusual market structure, we believe that to carry out deregulation, it will be necessary to change NTT so as to subject it to competition. Therefore, to invigorate the telecommunications sector, we must — if we compare the telecommunications sector's current situation with how it ought to be in the future — resolve two issues: "easing government control" and "problems related to NTT's nature as a virtual monopoly."

Deregulation of Telecommunications Services

It is necessary to draw up clear rules for promoting competition by removing the government supervision system and abolishing or easing regulations that hinder or could hinder fair competition.

Regulations on Entry

The clause on preventing excessive installation of equipment or facilities should be treated separately from the issue of granting special privileges to public service operators. The Telecommunications Services Law should specify what type of operators should be granted special privileges. From this viewpoint, the so-called supply-and-demand adjustment clause and the clause on preventing the excessive installation of equipment and facilities should be eliminated from the law regulating market entry by type I carriers.

Regulations on Exit; Division of Service Areas; Regulations on Type II Carriers; Regulations on International Agreements and Other Accords; Regulations on Service Rates; Regulations on Business Commitment; Regulations on Line Connections; Public-To-Private-To-Public Line Linkage; Regulations on Foreign Capital; and Kokusai Denshin Denwa (KDD) Law and NTT Law are omitted [as published].

How NTT Should Be

It is impossible to consider deregulation without taking into account how NTT ought to be with regard to the telecommunications market in which NTT monopolizes local networks. Various arguments have been raised regarding resolving NTT's structural problems, including breaking up the company. We believe it is desirable to change NTT in such a way that it, a monopolistic enterprise, will be subject to genuine principles of competition. In this case, it will be necessary to thoroughly conduct broad, transparent discussions in the Telecommunications Council and other panels regarding how to break up the company, among other things. It is also

necessary to clarify rules on line connections, disclosure management information, and rationalization.

Introducing an Auction System for Allocating Frequencies; Regulations on Telecommunications Facilities Installed on Roads, and Other Matters; and Creating Databases on Social and Administrative Information are omitted [as published].

Turf Battle Over Space Development Cost Cuts

OW0512041495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Dec 95 Morning Edition p 10

[Article entitled: "Battle Over Halving Satellite Development Costs — Science and Technology Agency [STA]: Remaining Under Single Control Is Swiftest Way; Ministry of International Trade and Industry [MITI]: Build a Competitive Environment" by Yoshio Nagata, science and technology reporter]

[FBIS Translated Text] MITI and the STA are battling over rearranging Japan's system of developing satellites, while work on compiling the nation's space development policy outline, which is undergoing revision for the first time in six years, is entering the final stages. The focal point of the battle is how to help the domestic space industry, which lacks cost competitiveness, stand on its own feet. The STA wants to tackle cost reduction while keeping the National Space Development Agency of Japan [NASDA] in charge of research and development. On the other hand, MITI argues that the traditional arrangement in which NASDA is solely in charge of development should be changed by strengthening the functions of organizations such as its affiliate organization, the Institute for Unmanned Space Experiments Free Flier (USEF), in the case of space development. As a result, the STA and MITI remain at odds over this matter.

Japanese Development Costs More Than Double Costs in Western Nations

On 30 November, a panel on long-term policies (with Tokyo University professor Toru Tanabe as chairman) under the Space Activities Commission held a meeting to discuss the draft of a new space development policy outline. Both MITI and STA officials in charge of the matter reported on their respective draft policies aimed at strengthening the competitiveness of the domestic satellite industry.

An official from the STA's Aerospace Development Division said: "A great deal of technological development is still necessary for reducing satellite manufacturing costs. Since that is an extension of research and development efforts made so far, it is appropriate to employ

the technology, personnel, and facilities accumulated by NASDA."

Meanwhile, an official from MITI's Space Industry Division said: "In space development, commercial use, including communications and broadcasting, will expand rapidly from now on. It is necessary to set up an arrangement where the industrial world can make the most of their creativity and innovation, and organizations possessing relevant technology will be allowed to participate in satellite research and development efforts."

Japan's satellite technology has advanced to a level about equal to that of Western nations. In terms of competitiveness, however, the domestic satellite industry falls far behind its Western counterparts. It costs over twice as much and takes over twice as much time for Japan to develop a satellite compared with Western nations. Unless Japan can narrow this gap, the domestic space industry can never stand on its own feet. The STA and MITI both agree on this point.

"Finally Giving Thought To Industrialization"

How can Japan succeed in "halving costs?" The point at issue is whether to proceed with the current arrangement where NASDA remains solely in control or to create a pluralistic arrangement by having other organizations such as the USEF, which has been set up by 13 firms related to the space industry, expand the scope of their development efforts.

The USEF exclusively handles development of satellites designed for special missions, such as the "Free Flier," a space experiment and observation satellite. The institution cannot expand to developing busses [basu] used inside the satellite itself. MITI argues that such restrictions inherent in the current arrangement should be eliminated and a competitive environment set up.

In contrast, the STA believes that cost reduction can be achieved more quickly by implementing such measures as drastically simplifying the way in which satellites traditionally have been developed wherein researchers repeatedly produce experimental models, and by transferring technological know-how accumulated by NASDA to the private sector.

The panel on long-term policies failed to arrive at a conclusion since participants voiced views supporting each side. For example, one participant said: "If we are to think about more efficient research and development programs, we should leave it up to NASDA." Another member said: "There are more advantages to having various organizations involved in development at a stage when industrialization is imminent."

Various opinions have been voiced regarding to the clash between the STA and MITI. One panel member has critically remarked: "Ministerial turf battles have no place in the [space development policy] outline; the outline is tantamount to a constitution for the space development sector." Another member has said: "In-depth debates should be held on policies especially when work is being done on reviewing the outline." In some quarters of industrial circles, voices have been raised, saying: "They have finally started debating, giving thought to industrialization." On the other hand, cool remarks have been voiced, saying: "We could care less, as long as we get more funding."

Paying Attention to Foreign Reaction

Under U.S. pressure to open up its commercial satellite market, Japan was forced to introduce an international competitive bidding system beginning in 1990. Considering this bitter experience, a panel member suggested: "It is necessary to pay more attention to the use of such terms as strengthening competitiveness and supporting industrialization." While their rivalry continues, both the STA and MITI are paying due attention to foreign reaction.

Tentatively, the successful development and launch of Japan's domestically-produced giant rocket, the H-2, has become a milestone in the country's efforts to catch up with the technology of Western nations. Given a situation in which a drastic increase in space development spending is difficult to foresee, Japan cannot help but focus on economizing when drawing up a space development policy outline which looks 10 years into the future. However, regardless of how Japan will rearrange its space research and development system, cost reduction will not be all that easy.

Society no longer leans solely toward promoting space development. Once again, Japan is pressed to start over with debates on the concept of space development itself. The panel on long-term policies is scheduled to conclude its deliberations at a meeting on 14 December. We look forward to how far it can respond to the many tasks it faces.

Defense Program Outline, Obstacles Assessed

*OW0312131095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Dec 95 Morning Edition p 2*

[Second of a three-part series: "Post-Cold War; New Defense Policy Outline Begins To Take Effect" entitled "Increasing Chances for Actions — Obstacles Lying in Bureaucratic Constitution (taishitsu)"]

[FBIS Translated Text] The great Hanshin earthquake took place last January, and the Self-Defense Forces

[SDF] have been criticized "for being too slow in taking initial actions." However, over 2 million SDF personnel working days were used during this large-scale operation against the disaster. At that time, the following heated discussion was carried out within the Defense Agency [DA].

"We Are Not Workers"

A senior uniformed officer said: "The SDF's major duty is defense. We are not workers assigned to remove rubbish."

A senior Internal Bureau official answered: "No. From now on, we will have to positively join in assignments other than defense. In doing so, we will be able to win a better understanding from our people about the SDF's usefulness."

Now that the danger from the former Soviet Union has ceased, the DA is concerned about explaining the need for the SDF's existence. It has planned out operations to deal with "various types of danger" such as serious natural disasters, terrorism, and inflows of armed refugees. The great Hanshin earthquake and sarin attack on the Tokyo subway took place one after another, and prior to the compilation of the new "National Defense Program Outline [NDPO]." As a result, the SDF's new roles have been brought to the forefront.

The SDF should promptly join in operations to deal with large-scale disasters and contribute to the international community through such efforts as participation in UN peacekeeping operations [PKO].... [ellipses as received] In addition to the SDF's original duty of defending the country, the new NDPO has planned out its new "chances for actions." Since the SDF has set its immediate tasks at strengthening its functions of intelligence collecting and consolidating the operations of its three branches — Ground, Maritime, and Air Self-Defense Forces, it can be said that the SDF has now entered an "age of operations." However, various hurdles to be cleared still remain if the SDF intends to transform itself into the "SDF that can actually be mobilized."

The NDPO clearly states that the SDF should make use of its capabilities and information to promote security exchanges or arms control talks with neighboring countries. In other words, "If the defense capability buildup of the past served as an 'insurance' against potential danger, we have now entered the age in which 'investments' should be made so that the country will not become an unstable factor in the region around Japan," (as stated by Masahiro Akiyama, DA Defense Policy Bureau director).

In promoting its operations, the DA began by strengthening its intelligence collection and analytical functions.

The major plan is to set up a new "intelligence headquarters" under the Joint Staff Council in FY96. An intelligence organ with about 1,600 staff members, the largest-ever in Japan, will be set up by consolidating all intelligence bureaus and departments that have hitherto been dispersed under the Ground, Maritime, and Air Self-Defense Forces, and internal bureaus.

First of All, Unification of Intelligence

With regard to the purpose of establishing this headquarters, a senior official points out: "The unification of intelligence is equal to the unification of evaluation. Once the upstream known as intelligence is unified, the downstream will naturally be unified." It is expected that this new headquarters will play the role of the so-called catalyzer [shokubai] in the full-fledged and consolidated operation of the three SDF branches in the future.

The DA is steadily drawing up a strategy for improving the system of mobilizing SDF units so as to positively join in various types of duties. In the meanwhile, the DA also has to contend for "spheres of influence [nawabari]" with other agencies and ministries such as the Ministry of Foreign Affairs [MOFA] and the National Policy Agency [NPA].

Difficulty in Coordination With Other Agencies, Ministries

In early November, a senior Liberal Democratic Party leader, who is also a former NPA veteran, made a phone call to DA Director General Seishiro Eto, and complained: "Reportedly, the NDPO will clearly state that the SDF will also be asked to deal with terrorism. However, since it is the police's job to deal with terrorism, I am opposed to the SDF's interference." In response, Director General Eto said: "That is not the point. It means that the SDF will deal with the disasters caused by terrorism."

The DA intended to include in the new NDPO a passage on security exchanges with the defense authorities of neighboring countries such as the PRC and Russia. However, the MOFA checked this move, maintaining that "diplomacy is the MOFA's duty," and that "it might result in dual diplomacy." On the grounds of the achievements made by the SDF's participation in PKO activities, the DA has somehow managed to have this passage included in the NDPO.

Obstacles do not end with the coordination of various agencies and ministries in Kasumigaseki [Tokyo district where Japan's central governmental institutions are located]. Last August, the DA had planned to strengthen its troop operations system by dividing the current Defense Policy Bureau into three bureaus: the "Defense

Policy Bureau," "Planning Bureau," and "Operations Bureau." At present, the authorities covering many areas ranging from defense policy to troop operations are concentrated in the Defense Policy Bureau. However, due to opposition by some officials who want to maintain the current system of a "strong Defense Policy Bureau," the plan's implementation has been postponed.

Upon reflection, one DA senior official stated: "The DA has hitherto been thinking merely about how to avoid mobilizing SDF units because of the fact that public opinions are allergic to the SDF." Under the circumstances in which the SDF is now shifting from "inactivity" to "mobility," the DA itself will be asked to break away from bureaucratism and change its conceptions.

Defense Program Outline Reviewed; 'Taboos Remain'

OW0412155895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Dec 95 Morning Edition p 2

[Third and final of a three-part series: "Post-Cold War; New Defense Policy Outline Begins To Take Effect" entitled: "Taboos Remain — Full-Fledged Debates Aborted"]

[FBIS Translated Text] During a lecture in Tokyo last April, Tokuichiro Tamazawa, who was Defense Agency [DA] director general at the time, made a statement indicating that the DA planned to reexamine the equipment that Self-Defense Forces [SDF] units stationed in the vicinity of nuclear power plants are provided with. He said: "To be on the alert for terrorist activities against nuclear power plants and other facilities, the SDF now has to be equipped with anti-radiation protective wear and other equipment." Tamazawa made his remarks shortly after the Tokyo subway sarin gas incident demonstrated that terrorist acts involving the use of weapons capable of mass killings had become a reality in Japan.

In compiling the new National Defense Program Outline, the DA evaluated various national security "threats" that Japan could be faced with in the post Cold War era. The question: "What if terrorists attack nuclear power plants... [ellipses as received]," surfaced during the DA's studies.

No Debates on Issue of Responding To Terrorist Attacks Against Nuclear Power Plants

However, the issue of "responding to terrorist attacks against nuclear power plants" disappeared before any full-fledged debates were held. The reason was that the DA exercised restraint, thinking that inadvertent discussions on "terrorist attacks against nuclear power plants"

would throw cold water on the assertion repeatedly made by the Ministry of International Trade and Industry and the Science and Technology Agency, which have jurisdiction over nuclear power plants, that "Japan's nuclear power plants are safe."

In the new National Defense Program Outline, responses to "special cases of disaster caused by terrorism" was added as a new mission for the SDF. However, it has been said that "terrorist attacks against nuclear power plants are not taken into account at all" (according to a senior, uniformed DA official).

"Japan's defense policy is full of taboos even now after the Cold War has ended" — so sighed a senior Ground Self-Defense Force [GSDF] official who was involved in compiling the new National Defense Program Outline.

If armed conflict in the Korean peninsula, among other possibilities, should become a reality, Japan will inevitably be forced to come up with "answers" on such issues as "exercising the right of collective self defense" and "legislation related to crisis management." However, as it turns out, the government's Security Council (with Prime Minister Tomiichi Murayama as chairman), which reviewed the defense program outline, never even once conducted a full-fledged debate on these issues.

Futile Proposals Made by Social Democratic Party of Japan [SDPJ]

A senior SDPJ official asked: "How about consolidating and rationalizing the air defense missile units that operate separately under the GSDF and the Air Self Defense Force [ASDF]?"

A senior DA official answered: "The GSDF missile units take care of low-altitude defense, while the ASDF missile units cover high-altitude defense. To start with, they have different missions and areas to cover. Even if they were to be consolidated, it could not be rationalized."

Senior SDPJ official: "... [ellipses as received] (silence)."

Among the ruling coalition parties, the SDPJ was the only party to come up with its own draft review of the form that SDF units and their equipment should take in the future. However, the SDPJ's draft proposal, which was based on a disarmament plan worked out by the party's left-wing group, was utterly crushed by the DA, which armed itself with the "fundamental defense capability concept" to counter the SDPJ's arguments.

Taking into account the threat of ballistic missiles possessed by neighboring countries, the consolidation of

missile units is a plan well worth considering. However, the SDPJ was incapable of carrying on its arguments against the DA.

Politicians Have Little Influence

Regarding the issue of what form the SDF units and their equipment should take in the future, the Liberal Democratic Party [LDP] and New Party Sakigake [Harbinger] decided at an early stage to leave the matter up to the DA. An LDP official said: "It should be left up to the experts." Meanwhile, a Sakigake official said: "We cannot compile our own draft proposal since we do not have sufficient knowledge."

Bureaucracy-initiated moves, one after another, have helped solidify the concept of Japan's new defense capability in the post-Cold War era. What politicians have debated on all this time has simply been on issues such as the question of whether or not to include the "arms export ban" principle in the new outline. While Japan's security in the changing international environment, and other issues that politicians should be debating on remain untouched, the new defense program outline has started moving forward.

Panel Approves Vote on Ex-Minister's Arrest

OW0512105095 Tokyo KYODO in English
1000 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The House of Representatives Steering Committee, spurning a plea by former Labor Minister Toshio Yamaguchi, agreed Tuesday [5 December] to allow a parliamentary vote on a request from prosecutors for Diet permission to arrest him for his alleged role in a loan scandal.

Because few lower house members are opposed to the arrest, Yamaguchi, a 55-year-old lower house member, is likely to be taken into custody after the house plenary session votes on the request Wednesday afternoon, Diet sources said.

The Diet permission is required because Japanese law does not otherwise allow Diet members to be arrested while it is in session, unless caught in the act of committing a crime somewhere not in the Diet building.

The endorsement of the parliamentary vote was achieved after Justice Minister Hiroshi Miyazawa and another senior ministry official pointed out at the meeting that prosecutors have sufficient reason for making requests because Yamaguchi allegedly involved himself in the scandal and there are fears of the destruction of evidence, the sources said.

Yamaguchi allegedly played a key role in arranging for his sister's golf course management company to

receive some 2.7 billion yen in collateral-free loans from two failed credit unions — the Tokyo Kyowa Credit Association and Anzen Credit Bank.

The former minister is also suspected of urging the former head of the Tokyo Kyowa Credit Association, Harunori Takahashi, to take part in the illegal loans.

Yamaguchi defended himself at the closed-door meeting for about 15 minutes, saying he has never asked Takahashi to cooperate in arranging the illicit loans.

The former minister also denied he has heard from Takahashi about the loans, which have already led to the arrest of Yamaguchi's relatives, including Yoshie Yamaguchi, his sister.

Yamaguchi criticized prosecutors' investigations into the case, including their raids on his office and house, saying, "Prosecutors should give prudent consideration to human rights."

Yamaguchi is the 16th Diet member in the postwar period for whom an arrest warrant has been sought while parliament was still in session.

In March last year prosecutors obtained Diet approval for an arrest warrant for former Construction Minister Kishiro Nakamura over his involvement in a bribery scandal involving construction companies.

Murayama, Kubo Said at Odds on New Party Scheme

OW0512065495 Tokyo KYODO in English
0442 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Prime Minister Tomiichi Murayama and the No. 2 man in his Social Democratic Party (SDP) appeared to be at odds Tuesday [5 December] over when to disband the party and form a new one with a better chance of winning future elections.

Chief Cabinet Secretary Koken Nosaka, an SDP member, told reporters after meeting Murayama in the Diet that the premier agreed with his view that a special party meeting set for Jan. 19 should not stick to the original agenda of endorsing the plan to disband the SDP and set up a new party.

Nosaka said he told Murayama that it would be difficult to obtain the two-thirds of votes needed to endorse the scheme at the meeting and thereby the meeting should be one to discuss party reforms.

Nosaka said Murayama agreed with him.

But SDP Secretary General Wataru Kubo, the No. 2 man, told labor union leaders Tuesday that the SDP alone must launch the new party at the Jan. 19 meeting.

Kubo stressed the need to alter the SDP into a new party early to better fight in the coming general election, they said.

"If we were a single-party government, it would be easy to make a decision (on the timing of the general election). But given that we are a coalition government, I can't predict what will happen," Kubo was quoted as telling the union leaders.

Murayama and Kubo have often made contradictory remarks over when to form a new party, as Murayama is cautious about going ahead with the new party scheme.

The SDP is part of the tripartite ruling coalition with the Liberal Democratic Party and New Party Sakigake.

NFP President Kaifu Seeks Ozawa's Cooperation

*OW0512012495 Tokyo KYODO in English
0037 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Toshiki Kaifu, president of the main opposition Shinshintō (New Frontier Party [NFP]), has met the party's second-in-command, secretary general Ichiro Ozawa, and asked for his continued cooperation regardless of the result of a party presidential poll, a Shinshintō source said late Monday [4 December].

At the meeting Saturday, Ozawa replied, "I understand," and told Kaifu that he would decide this week at the earliest whether to run in the presidential race, the source said.

Applications for candidacy will be closed Dec. 16 and mail-in votes will be accepted until Dec. 26. The election will also be open to nonmembers aged 18 or older who pay a 1,000 yen participation fee.

Former prime minister and deputy Shinshintō chief Tsutomu Hata is expected to declare his candidacy, but Kaifu, also a former prime minister, may fail to gain the minimum 20 supporters among Shinshintō Diet members, needed to run in the party race, party sources said.

An aide to Kaifu has said, however, he is confident that Kaifu will get 20 supporters.

NFP Members Group Backs Ozawa for Party Race

*OW0512041395 Tokyo KYODO in English
0310 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — More than 50 members of the main opposition party Shinshintō (New Frontier Party [NFP]) formed a group Tuesday [5 December] to back No. 2 man Ichiro Ozawa in the party presidential race set to begin Dec. 16.

The group of 55 Diet members of Shinshintō plans to ask Ozawa as early as Friday to run in the election as it has obtained signatures from nearly 100 of the party's legislators to support him, group members said. Ozawa is the secretary general of Shinshintō.

Of the 55 Shinshintō Diet members, 37 attended an inaugural meeting at a Tokyo hotel and 18 sent proxies to the meeting.

Shinshintō president Toshiki Kaifu met Ozawa on Saturday and asked for his continued cooperation regardless of the result of the party presidential poll, a Shinshintō source said.

Ozawa replied, "I understand," and told Kaifu that he would decide this week at the earliest whether to run in the presidential race, the source said.

Applications for candidacy will be closed Dec. 16 and mail-in votes will be accepted until Dec. 26. The election will also be open to nonmembers aged 18 or older who pay a 1,000 yen participation fee.

Former premier and deputy Shinshintō chief Tsutomu Hata is expected to declare his candidacy.

Kaifu, also a former prime minister, may fail to gain the minimum 20 supporters among Shinshintō Diet members needed to run in the party race, party sources said.

An aide to Kaifu, however, expressed confidence that Kaifu will get the necessary 20 supporters.

Ex-Premier Urges Wide NFP Support Base

*OW0512095095 Tokyo KYODO in English
0900 GMT 5 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Former Prime Minister Morihiro Hosokawa has underlined the importance of widening the scope of supporters for the main opposition Shinshintō (New Frontier Party [NFP]) in supporting an open election of the head of the party.

Hosokawa, in a recent interview with KYODO NEWS SERVICE, said winning the general election under the new system of single-seat constituencies combined with proportional representation requires a wider base of supporters.

The system for party members and nonmembers directly electing the party head is a means to inspire a greater number of people to take part in politics while the electorate is becoming increasingly blasé about politics, he said.

Hosokawa, who served as prime minister in 1993-1994 under a grand coalition of groups excluding the

Japanese Communist Party, criticized speculation that the election is designed to weaken the political clout of Ichiro Ozawa, the main strategist of the party.

"The crux of the matter is to make Shinshinto a national party," Hosokawa said.

"I believe Mr. Ozawa should also run for the election," he said.

Hosokawa ruled out the possibility of his own candidacy, saying he does not want to raise suspicion that he has proposed the system for his own political interests.

He said the election should serve as an opportunity for the party to make clear its policy priorities.

Table of Parliamentary Strength Released

OW0512063895 Tokyo KYODO in English
0414 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — The following is a new table of parliamentary strength in both houses of the Diet after independent House of Representatives member Tadao Otani quit the lower chamber Tuesday [5 December].

House of Representatives	House of Councillors
Ruling coalition	
LDP 209	LDP 111
SDP 63	SDP 39
New Party Sakigake 22	New Party Sakigake 3
Opposition	
Shinshinto 170	Heisei Kai 68
JCP 15	JCP 14
Minshu-no-Kai 6	Sangiin Forum 5
New Democratic Club 3	Shin Ryokufu-Kai 4
Independent Club 2	Niin Club 4
Independents 7	Heishin-Kai 2
	Independents 2
Vacancies 14	Vacancies 0
Total 511	252

Note: LDP is the Liberal Democratic Party, SDP the Social Democratic Party, and JCP the Japanese Communist Party.

Coalition Lawmakers Oppose Rice Purchase Plan

OW0512124595 Tokyo KYODO in English
1202 GMT 5 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO — Ruling coalition lawmakers voiced strong opposition Tuesday [5 December] to the Food Agency's plan to adopt a new method of determining the price at which the government buys rice from growers, as they kicked off talks to recommend the price for rice to be harvested in 1996, sources familiar with the meeting said.

Agency officials told the meeting they plan to set the price based on the government purchase price of rice cropped in 1995 as well as prices of rice sold outside the government-controlled distribution route and production costs, the sources said.

The proposed pricing method has become possible under the new Food Control Law that took effect in November.

As the new method, however, is certain to lower the government's rice purchase price from the current 16,392 yen per 60 kilograms, coalition lawmakers, under the strong political influence of farm voters, came out against it and urged that the price should be maintained at the current level, the sources said.

Coalition lawmakers stressed that the 1996 rice purchase price should be determined separately from the price-setting method stipulated by the new Food Control Law.

While the governmental Rice Price Council will be convened Wednesday to consider how to calculate the government's rice purchase price, the Liberal Democratic Party, the biggest force in the three-party coalition, will hold a meeting of its Agriculture and Forestry Division the same day in an apparent bid to pressure council deliberations.

In the meantime, the Central Union of Agricultural Cooperatives (Zenchu) kicked off a three-day rally in Tokyo on Tuesday to urge the government to peg its rice purchase price at the current level. The first-day session drew some 450 attendants.

Aum's Guru Served Arrest Warrant Over VX Gas

OW0412033595 Tokyo KYODO in English
0302 GMT 4 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 4 KYODO — Aum Shinrikyo founder and guru Shoko Asahara, already indicted on a variety of murder and other charges, was served a fresh arrest warrant Monday [4 December] on suspicion of involvement in the VX [nerve gas] gas murder of an Osaka man a year ago.

Asahara, 40, was the latest Aum member to be served an arrest warrant in connection with the death of Osaka businessman Tadahito Hamaguchi, then 28.

On Saturday, six current and former members of the doomsday cult were served fresh arrest warrants on suspicion of involvement in the VX gas murder of Hamaguchi in Osaka on Dec. 12 last year.

The six include Tomomitsu Niimi, head of Aum's "home affairs" unit, and Masami Tsuchiya, Aum's top chemist.

Niimi, 31, is suspected of carrying out the VX gas attack against Hamaguchi, while Tsuchiya is suspected of having produced the lethal nerve gas.

Police have obtained the arrest warrant for Asahara, who is suspected of having given orders to kill Hamaguchi, whom he suspected of being a police spy.

An arrest warrant has also been issued for Katsuya Takahashi, 37, who is already on a nationwide wanted list for suspected participation in the March 20 sarin gas attack on the Tokyo subway, which left 11 dead and injured over 5,000 others.

According to investigative sources, Asahara ordered Niimi and other Aum member in mid-December last year to kill Hamaguchi. On Dec. 12, Niimi overpowered Hamaguchi in an Osaka street and another Aum member Akira Yamagata injected a VX solution into the victim's head.

North Korea

Paper Comments on U.S.-Japan Naval Exercise

SK0212050295 *Pyongyang KCNA in English*
0432 GMT 2 Dec 95

["NODONG SINMUN on U.S.-Japan Military Tieup" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — NODONG SINMUN today comments on the recent large-scale U.S.-Japan joint Naval exercise for blockade of sealanes simulating a contingency on the Korean peninsula.

The news analyst says:

Through the exercise the United States sought to involve Japan deeper in its policy of strength against the DPRK, and Japan aimed to realise its wild ambition for reinvasion in line with the U.S. strategy toward Korea.

In case a new war breaks out in Korea due to the United States, the Asia-Pacific region including Japan may be plunged into the scourge of war.

Unless the United States renounces the policy of aggression and war, it will meet stronger criticism as the enemy of peace and wrecker of stability. This will not be beneficial to the United States.

The bellicose elements of Japan are trying to attain their sinister purpose in line with the U.S. policy of Cold War and joining in the direction of a second Korean war scenario, ignoring the aspirations of the peace-loving people of Japan. They must stop their reckless action.

ROK Planned 'Large-Scale War Exercises' Viewed

SK0212034595 *Pyongyang KCNA in English*
0336 GMT 2 Dec 95

["South Korean Puppets Announce Plan for War Exercises" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — The South Korean puppets announced on November 30 that they would launch large-scale war exercises under the cloak of field manoeuvres next year to replace the Team Spirit joint military exercises, according to a radio report from Seoul.

The puppet joint chiefs of Staff made public its plan to stage the manoeuvres in the first half of next year, blaring that the independent operational capacity of the Army was improved in the past one year.

The puppet clique decided to stage annual joint exercises of the puppet army, navy and air force in east and west coastal areas in a bid to increase the efficiency of the field manoeuvres.

This, an open challenge to our people, who want peace and peaceful reunification of the country, shows that the puppet clique are persistently taking the road of war against the North with the posture of military confrontation with us.

The Kim Yong-sam group should squarely look at the trend of the times and should not misjudge our patience as weakness.

Their reckless act will invite a severe punishment.

Effect of Scandal on ROK Military Morale Noted

SK0512091395 *Pyongyang KCNA in English*
0831 GMT 5 Dec 95

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — Kim Yong-sam, at a "central meeting for integrated defense" on December 1, incited war fever, saying that "it is necessary to strictly cope with a provocation which the North may commit, availing itself of the socio-political confusion in South Korea by

the slush fund scandal" and "a perfect combat readiness should be maintained."

Spreading a shocking rumor about the "threat from the North" is an old game played by the Kim Yong-sam group each time they find themselves in a serious ruling crisis.

Kim Yong-sam is now in the worst crisis since he came to power, with his being an accomplice in No Tae-u's slush fund scandal fully laid bare.

The South Korean people are demanding that Kim Yong-sam make public all the "election fund" he received from No and concentrating their struggle on overthrowing the "civilian" regime.

Worse still, the factional frictions and contradictions have become all the more acute within the "Democratic Liberal Party."

Though Kim suggested the enactment of the "May 18 special law" in the hope of diverting elsewhere public protest against the "civilian" regime, the people and broad political circles have been escalating the attack on him, calling the suggestion his "last resort aimed at emerging from the crisis."

Chon Tu-hwan, a chief culprit of the Kwangju blood-bath, said, "If I am a criminal who destroyed the constitutional order, isn't it right for Kim Yong-sam to take responsibility for his decision to merge his party with the rebellious forces?"

The anti-Kim Yong-sam sentiments are rapidly growing not only in the political circles but in the puppet army.

On November 28, the puppet Defense Minister Yi Yang-ho deplored that "the slush fund scandal has caused serious problems in the army's commanding system, discipline, morale and alertness." So, Kim had felt it necessary to raise a hue and cry over "possible provocation by the North" to divert elsewhere the attention of the people and political circles and allay the resentment against him ever growing in the puppet army.

By clamouring about the "possibility of the North's provocation", he is also seeking to justify South Korea's military exercises and unleash a war against the North at any cost.

To this end, the Kim Yong-sam group have staged one military exercise after another such as Ulchi Focus Lens 95 and Foal Eagle 95 from the beginning of the year, and have also committed reckless military provocations in the Military Demarcation Line areas almost every day. They announced that large-scale field manoeuvres will be staged next year in place of the "Team Spirit" joint military exercises.

The Kim Yong-sam group that have been totally forsaken by the 70 million fellow countrymen are now trying to save themselves by igniting a war against the North. Their attempt is, however, a last resort of those whose days are numbered.

University Supports Punishing Kwangju 'Murderers'

*SK0212081995 Pyongyang KCNA in English
0811 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — A meeting of teachers and students was held at Kim Il-song University on December 1 to support and encourage the South Korean students in their struggle to probe the truth behind the Kwangju massacre and punish the Kwangju murderers.

The speakers at the meeting extended militant solidarity and compatriotic encouragement to the South Korean students and people in their just struggle to punish the Kim Yong-sam fascist clique, which sides with the Kwangju murderers, terminate the colonial fascist rule and give vent to the pent-up grudges of the Kwangju resistance martyrs.

The lesson of the Kwangju bloodshed and the ensuing developments show that the colonial military fascist dictatorial system manipulated by the United States behind the scenes should be terminated in South Korea, the speakers noted.

They expressed the belief that the South Korean students and people from all walks of life will continue waging a valiant anti-Kim Yong-sam, anti-"government" struggle till the day when they will overthrow the traitor Kim Yong-sam, who stands by the Kwangju murderers, and establish a true democratic government.

A letter to university professors of South Korea and the one million students of the South Korean Federation of University Student Councils was adopted at the meeting.

The letter expressed full support and solidarity for the university professors, students and other people in South Korea in their struggle demanding the punishment of the Kwangju murderers and the principal offenders and accomplices of the "slush fund scandal".

ROK Public Denounces Kim Yong-sam 'Trick' Law

*SK0212085095 Pyongyang KCNA in English
0829 GMT 2 Dec 95*

["Kim Yong-sam's Trick Criticised" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — The South Korean public now brand the

traitor Kim Yong-sam's measure to enact a special law on the May 18 incident as a deceptive trick, South Korean newspapers reported.

Kim Tae-chung, president of the National Congress for New Politics, said this measure is a "trick to save the situation and bridge over the political crisis caused by the presidential election campaign fund problem."

Father Cho Pi-o, director general of the May 18 Foundation of Kwangju, said: "I suspect that Kim Yong-sam took the measure in order to bridge over the political difficulties, including the presidential election fund, caused by the slush fund scandal of No Tae-u. Since he took office, Kim Yong-sam had said the May 18 problem should be left to the judgement of history, hadn't he?"

The TONG-A ILBO Newspaper November 26 said Kim Yong-sam's May 18 card is a counter-measure to make a detour to resolve the political difficulties caused by the slush fund scandal.

A deputy spokesman for the Democratic Party said in a statement that if Kim Yong-sam tries to do away with the historical liquidation work in a perfunctory way and use it for bridging over the difficulties and saving the situation, he will commit another irrevocable crime against history.

Chong Yong-man, chairman of the Society of Bereaved Families of the May 18 Kwangju Popular Resistance, described Kim Yong-sam's measure as a "trick to tide over the crisis caused by the presidential election fund problem." "We will watch Kim Yong-sam's future action," he added.

ROK Students Demand Special Prosecutor System

*SK0212050495 Pyongyang KCNA in English
0420 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — About 2,000 students under the Seoul area Federation of University Student Councils held protests on Friday in demand of the introduction of a special prosecutor system and the punishment of those involved in the May 18 massacre, a radio report from Seoul said.

Meanwhile, some 1,000 students under the Kwangju-South Cholla Provincial Federation of University Student Councils held a similar rally and demonstration.

The ralliers criticised the authorities and the ruling party for abusing the May 18 issue for political purposes. Without the introduction of a special prosecutor system can the punishment of chief culprits and the clarification of the truth not be realised properly, they added.

They staged protests till late at night.

On Thursday about 700 students under the same organisation demonstrated in demand of the introduction of a special prosecutor system and the release of all the arrested students.

South Korea's opposition National Congress for New Politics and United Liberal Democrats submitted a resolution in the joint name of 100 of their "lawmakers" to the "National Assembly" on Thursday, urging the traitor Kim Yong-sam to open to the public the secret funds he received from No Tae-u.

In the resolution, the opposition parties criticised Kim Yong-sam for insisting that he received not a penny from No Tae-u, although he received hundreds of millions of won from No at the time of the 14th "presidential election" and the inauguration of the present regime as a matter of fact.

The Democratic Party held a meeting of the committee for investigation into the irregularities of the "Fifth and Sixth Republics." It made public the lists of the principal offenders and accomplices of the December 12 incident and the Kwangju massacre and called for punishment of all of them.

Greetings Messages Exchanged With Lao Officials

*SK0212040095 Pyongyang KCNA in English
0256 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — Premier of the Administration Council of the Democratic People's Republic of Korea Kang Song-san sent a message of greetings to prime minister of Laos Khamtai Siphandon on the occasion of the 20th founding anniversary of the Lao People's Democratic Republic.

The message wished him great success in his work.

Meanwhile, Foreign Minister of the DPRK Kim Yong-nam sent a message of greetings to Foreign Minister of Laos Somsavat Lengsavat on the occasion.

Vice President Meets Yemeni, Japanese Officials

*SK0212053395 Pyongyang KCNA in English
0437 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and vice-president, met and had a friendly talk with a delegation of the General People's Congress of Yemen led by its Deputy General Secretary Yahya Muhammad al-Mutawakkil at the Mansudae Assembly Hall on December 1.

Present there were Choe Chin-su, deputy director of a Department of the WPK Central Committee, and Charge d'Affaires ad interim of the Yemeni Embassy here Muhammad al-Ahmed al-Khamry [name as received].

On the occasion the head of the delegation conveyed condolences of His Excellency 'Ali 'Abdallah Salih, chairman of the General People's Congress of Yemen and president of the Republic of Yemen, to the Workers' Party of Korea and the Korean people on the first anniversary of the death of his excellency the great leader Kim Il-sung, and said that he will be immortal in the hearts not only of the Korean people but also of the peaceloving people of the world.

He conveyed the warm wishes of the Yemeni president who is also the chairman of his party to His Excellency Kim Chong-il.

He said that he visited Korea and has been deeply moved at the singlehearted unity of the Korean people.

He wished the Korean people great success in all fields under the wise guidance of His Excellency Kim Chong-il.

Yi Chong-ok met and conversed with Takashi Suzuki, advisor to the Aichi Prefectural People's Council for the normalization of Japan-DPRK relations, and his party on the same day.

Takashi Suzuki stressed the need to have close friendly relations between the peoples of the two countries of Japan and Korea and do good things for realizing the normalisation of Japan-DPRK diplomatic relations.

He hoped His Excellency Kim Chong-il will achieve great success by wisely leading the Korean people.

Choe Kwang Sends Message to Cuban Minister

SK0212035695 Pyongyang KCNA in English
0259 GMT 2 Dec 95

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — Marshal of the Korean People's Army Choe Kwang, minister of the People's Armed Forces of the DPRK, sent a message of greetings to Raul Castro Ruz, minister of the Revolutionary Armed Forces of Cuba, on the occasion of the 39th anniversary of the Revolutionary Armed Forces of Cuba and landing of the ship "Granma".

The message expressed the belief that the friendly and cooperative relations between the armies of the two countries, which are traditional and excellent, would further develop in the future. It wished him success in his work to strengthen the defence capabilities of the country.

Paper Observes Cuban Army Founding Anniversary

SK0212082695 Pyongyang KCNA in English
0817 GMT 2 Dec 95

["Day of Cuban Army Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — NODONG SINMUN today dedicates a signed article to the 39th anniversary of the day of the revolutionary Armed Forces of Cuba.

Pointing out that the spirit of "Granma" has become a revolutionary spirit of the Cuban people and the banner of their struggle, the author of an article of the paper says:

After the victory of the Cuban revolution, the revolutionary Armed Forces and people of Cuba have reliably defended and victoriously advanced the Cuban revolution with a high sense of revolutionary and militant consciousness true to the spirit of "Granma", repulsing the continued military aggressive moves, subversive activities and sabotages of the imperialists. In this course, Cuba has become a dignified socialist country and a symbol of hope and struggle of the Latin American people.

The triumphant advance of the Cuban revolution shows that any enemy can not block the way of the Cuban people, who are struggling with the firm conviction of socialism.

The Korean people and all the officers and men of the Korean People's Army actively support the Cuban people and Armed Forces, who are relentlessly fighting under the banner "The motherland or death, socialism or death, we will win", and are convinced that they will register greater successes in their struggle for socialism.

Talks Held With UK Foreign Affairs Delegation

SK0212044095 Pyongyang KCNA in English
0338 GMT 2 Dec 95

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — Talks were held in London on November 29 between the delegation of the Foreign Affairs Committee of the Supreme People's Assembly of the Democratic People's Republic of Korea led by its Chairman Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, and the delegation of the Foreign Affairs Committee of the House of Commons of Britain led by its Chairman David Howell.

The talks proceeded in a friendly atmosphere.

Workers Party Sends Greetings to British Party*SK0212035895 Pyongyang KCNA in English
0257 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — The Workers' Party of Korea Central Committee sent a message of greetings on December 1 to the 10th congress of the New Communist Party of Great Britain.

The message wished the party great success at the congress, expressing the belief that the congress of the party would be an important occasion in its activities to firmly defend socialism against imperialism and strengthen the party.

Yang Hyong-sop Sends Message to Tanzanian Speaker*SK0212035595 Pyongyang KCNA in English
0300 GMT 2 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 2 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea, sent a message of greetings to Pius Msekwa [name as received] on his reelection as speaker of the National Assembly of Tanzania.

The message expressed the belief that the friendly relations between the two countries and two parliaments would further expand and develop and wished him greater success in his work.

Kim Ki-nam Addresses Three-Revolution Meeting*SK0212045295 Pyongyang Korean Central
Broadcasting Network in Korean
0624 GMT 29 Nov 95*

[Speech by Kim Ki-nam, secretary of the Central Committee of the Workers Party of Korea, at the second meeting of forerunners of the movement to win the red flag of the three revolutions, held at the 25 April Hall of Culture in Pyongyang on 29 November — recorded]

[FBIS Translated Text] Comrades: Today we are holding the second meeting of forerunners of the movement to win the red flag of the three revolutions amid deep emotion and joy at having splendidly celebrated in a great revolutionary festival the 50th anniversary of the founding of the glorious Workers Party of Korea [WPK] with the high dignity and honor of victors who have effected momentous changes in the revolution and construction under the great party's leadership.

This meeting, which is held at a significant time—20 years since the movement to win the red flag of the three revolutions began in all fields of the revolution and construction in order to successfully

perform the ideological, technological, and cultural revolutions presented by the great leader Comrade Kim Il-song—is very significant in our developing revolution.

We have just received with great emotion and excitement the WPK Central Committee's congratulatory message sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people. This is not only an expression of great trust and expectation toward the participants of this meeting and all standard bearers of the three revolutions, but also provides us with infinite glory and happiness. [applause]

The party Central Committee's congratulatory message clearly elucidates the struggle tasks that arise in carrying out the movement to win the red flag of the three revolutions in conformity with the demands of our developing revolution, which has entered a new stage of history, and thus vigorously encourages the standard bearers of the three revolutions and all workers into greater victory and exploits.

Recalling with dignity the glorious path of victory on which the movement to win the red flag of the three revolutions has developed, we relive deep in our hearts the correct and great vitality of this mighty revolutionary mass movement as well as the wisdom of the party's leadership devoted to this movement.

This meeting will sum up the success and experience achieved in the movement to win the red flag of the three revolutions, which has traversed a vigorous road of development under the wise leadership of the great leader [suryong] and the respected and beloved general, and will further deepen and develop this movement in conformity with the new demands of our developing revolution. Thus, the meeting will become a historic one that opens a momentous occasion in expediting the cause of modeling the entire society after the *chuche* idea and the cause of national reunification. [applause]

Comrades: The movement to win the red flag of the three revolutions is an all-people mass movement to accelerate socialist, communist construction by vigorously waging the three revolutions— ideological, technological, and cultural—in conformity with the demands of the modeling of the entire society after the *chuche* idea under the party's leadership.

The great leader [yongdoja] has indicated: The movement to win the red flag of the three revolutions is the mighty driving force to effect a new turn in all sectors of our people's ideological and mental life as well as their economic construction.

In the period from the beginning of the movement to win the red flag of the three revolutions up until today,

great progress has been achieved in the revolution and construction as well as in the modeling of the entire society after the *chuche* idea has been vigorously pushed ahead.

In particular, through the struggle to implement the tasks presented in the great leader [yongdoja] Comrade Kim Chong-il's historic letter, "Let Us All the More Vigorously Carry Out the Movement To Win the Red Flag of Three Revolutions," the movement to win the red flag of three revolutions was intensified and developed at a new and high stage. Therefore, the political strength of our revolution was extraordinarily strengthened, and a brilliant victory was achieved in socialist economic and cultural construction, and defense strengthening.

The victory achieved through the movement to win the red flag of three revolutions under the party's leadership was obtained through the arduous struggle of overcoming rigorous trials and difficulties facing the socialist cause and when intense confrontation continued with the enemies. Therefore, it is all the more precious and boastful. This is a clear manifestation of the justness of the party's policy and the sagacity of the leadership on carrying out the movement to win the red flag of three revolutions. [applause]

During the past several years, the situation within and without our revolution was very complicated and acute. Due to the maneuver by the imperialists and socialist traitors, an abnormal situation occurred in which socialism collapsed in various countries and capitalism was restored. The imperialists and reactionaries concentrated arrows of attack against our Republic, which is the fortress of socialism, and maneuvered to prevent our advance movement through all kinds of means and methods.

Nevertheless, any kind of challenge and trial could not dampen the revolutionary faith and will of our party and people, and prevent our advance. Without the slightest wavering, our party and people repulsed the antirevolutionary offense through the revolutionary offense by highly upholding the banner of the *chuche* idea, and all the more vigorously carried out the movement to win the red flag of three revolutions, thus by thoroughly implementing the lines of the three revolutions of ideology, technology, and culture, the might of our revolution's political, economic, and military might was strengthened into an invincible one.

By adhering to the movement to win the red flag of three revolutions under the party's leadership, we did not waver at all amid the rapidly changing flow of history, and it was possible to daringly overcome all kinds of difficulties facing us and advance vigorously. Also, it was possible for our country's socialism to press

hard on the heels of the enemy by manifesting invincible might. Truly, our victory is the victory of ideology, the victory of the line of self-dependence, self-support, and self-reliant defense, and a great victory which is being firmly guaranteed by the movement to win the red flag of three revolutions. [applause]

Today, the movement to win the red flag of three revolutions is both in name and reality an all-people's and all-social movement. It was firmly changed into the work of the masses themselves, and its flames are blazing all the more mightily with each passing day.

From the time we received the great leader [yongdoja] Comrade Kim Chong-il's historic letter, 9,730 units won the red flag of three revolutions and 877 units won the double red flag of three revolutions throughout the country. Therefore, compared with the first period the movement to win the red flag of three revolutions started, the red flag of three revolutions units were increased by 4.5 times and the double red flag of three revolutions units were increased by as many as 80 times. Also, six units won the triple red flag of three revolutions.

The movement to win the three-revolution red flag has a strong drive to inspire people to implementing the ideological, technological, and cultural revolution, making epochal changes in all aspects of the socialist construction. The ideological revolution has been vigorously conducted through the movement to win the three-revolution red flag. As a result, there have been new changes in the ideological and spiritual life of the standard-bearers of the three revolutions and working people.

All sectors and units that conducted the movement to win the three-revolution red flag upheld the party's policy on the ideological revolution, and methodically conducted the indoctrination of the unitary ideology based on the indoctrination to make them faithful, so that all party members and working people continue in absolute faith to be loyal and dutiful to the party and the leader [suryong]. The loyalty of the standard-bearers of the three revolutions and working people, who believe the level of happiness equals the level of loyalty and filial piety, was brought to light when the entire country was in mourning after we suddenly lost the fatherly leader last year. In the pouring rain, with great sorrow and pain, the standard-bearers of the three revolutions and the people did not want to leave the great leader's [widaehan suryong] statues and historical sites with traces of his on-the-spot guidances. Following the leader's [suryong] will, they have loyally upheld the leadership of the respected and beloved [kyongaehanun]

general and have unanimously risen to the struggle to make our country and our fatherland more prosperous.

The standard-bearers of the three revolutions and working people respectfully put up more new portraits of the leader [suryong] in various places with one will, to uphold the great Comrade Kim Il-song for ages as the sun of the revolution and the eternal leader [suryong] of our party and people. They have engraved deep in their hearts the slogans of faith "The great leader [widaehan suryong] Comrade Kim Il-song is with us forever," and "Let us more thoroughly arm ourselves with the revolutionary ideology of the great leader [widaehan suryong] Comrade Kim Il-song!" They are doing everything possible to better uphold the leader [suryong].

The standard-bearers of the three revolutions and our people have upheld the respected and beloved [kyongaehanun] general's lofty intention to have the great leader [suryong] laid in eternal state, and displayed all their loyalty and filial piety in building the Kumsusan Memorial Palace, the most sacred place of chuche. As time passes, their yearning and reverence toward the fatherly leader is growing. Following the leadership of the respected and beloved [kyongaehanun] general, they are devotedly waging the struggle to implement the leader's [suryong] will of his lifetime with hundred and thousand-fold stronger power and courage.

The standard-bearers of the three revolutions and working people of the Komdok Mining Complex, where lofty traces of the guidances of the great leader [suryong] and the respected and beloved [kyongaehanun] general can be found; the Chonchon County Commercial Management Office, which won the triple three-revolution red flag; the Chongsan Cooperative Farm, which won the double three-revolution red flag; the Munhwa Cooperative Farm in Sukchon County; the Changchun Foodstuff Plant; the Irrigation Engineering Center of the Academy of Sciences; and many other organs, enterprises, and cooperative farms across the country are bearing high and loyal enthusiasm and devoting all their strength and wisdom to implement the lifetime teachings of the great leader [suryong] given to their respective sectors and units.

The burning loyalty of our standard-bearers of the three revolutions and working people is reflected in their boundless devotion and sacrifice with which they regard resolutely defending the great leader [suryong] and the respected and beloved [kyongaehanun] general as the most lofty cause of their life.

The working youth of the plant where Comrade Kim Kisang works and the working youth of the nursery houses in Pongsan Cooperative Farm in Pukchong County jumped into the flames to rescue the portraits and

artwork of the great leader [suryong] and the respected and beloved [kyongaehanun] general, and ended their lofty lives; a train conductor laid down his life at a critical moment to protect the portrait of the fatherly leader and guarded the safety of the passengers; youth and members of the League of the Socialist Working Youth, who are burning with the oath taken by heart that they will become swords, rifles, and guns to defend the respected and beloved [kyongaehanun] general, pledged to faithfully share the destiny of life and death with the party in any storm; many party members and standard-bearers of the three revolutions died at work at their respected posts holding the faith that it is both honorable to live and to die on the road to implement the intention of the respected and beloved [kyongaehanun] general; their deeds have deeply moved thousands of people. This is the lofty spiritual world and traits of the standard-bearers of the three revolutions and working people.

The loyalty of the standard-bearers of the three revolutions and working people is reflected in the iron faith that without the respected and beloved [kyongaehanun] Supreme Commander Comrade Kim Chong-il, we do not exist, nor does the fatherland, and in the invariable will to faithfully believe in and follow the general even if the world changes 10 or 100 times. The standard-bearers of the three revolutions and working people, who learned by heart the faith that great Comrade Kim Chong-il is synonymous with the great leader [suryong], bear in their hearts the determination to better uphold the respected and beloved [kyongaehanun] general with the hundred-fold loyalty and filial piety that they did not fulfill during the lifetime of the fatherly leader.

Many plants and enterprises, including the Kim Chaek Steel Complex, the 5 October Automation General Plant, and the Tongdaewon Clothing Plant and Songnim Vegetable and Foodstuff Purchase Management Office, which won a three-revolution red flag, planned well and persistently conducted the indoctrination on loyalty toward the great leader [widaehan yongdoja] Comrade Kim Chong-il among employees, and made all employees bear high loyalty and methodically do all the work as the party intended. The three-revolution standard-bearers of the Production Cooperative of the Chonchon Export Daily Necessities Plant, who won the double three-revolution red flag, repaired railways, sidewalks, and streets in their ardent wish to always be close to the respected and beloved [kyongaehanun] general. They worked hard to guarantee the well-being of the general.

The standard-bearers of the three revolutions and working people are unsparingly displaying their loyalty and devotion to materializing the idea and intention of the respected and beloved [kyongaehanun] general, and are

fulfilling their duties as genuine loyalists and dutiful children. The standard-bearers of the three revolutions and working people showed our people's wisdom and our party's courage in Pyongyang, the capital of the revolution, and every corner in the country by building the Chongnyu Bridge and Kumnung No. 2 Tunnel, the Party Founding Monument, Pyongyang-Hyangsan Tourist Road, and other monumental creations in succession with the iron faith "What the party decides, we will do," loyally upholding the leadership of the respected and beloved [kyongaehanun] general. They highly displayed the heroic spirit of the chuche-based Korea.

It is a prevalent character of the standard-bearers of the three revolutions to volunteer for any difficult work at the demand of the party, dedicate their all to implement the party's intention and idea, and regard this as one of life's rewards. Many standard-bearers of the three revolutions led the working people to leave their old homes and cities and move to mines, farms, and difficult and laborious sectors, engraving the party's intention in their hearts.

Among them, there are some college professors who voluntarily dashed to the revolutionary guard posts in local areas, leaving the capital city of Pyongyang, and there are some government officials working in the central organizations who advanced to the mines according to their respective technical qualifications. Furthermore, some youths and young girls went to farms after resolving to serve as a foundation contributing to producing rich grain in order to bring the fatherly leader's behests into full bloom.

Today, when the people in many nations are rushing to the capital cities to seek pleasure, enjoyment, and wealth, and attempting to obtain the citizenship of the capital [sudo siminkwon] by using all possible means, the spiritual quality unfolded by our three-revolution standard-bearers and the working people is indeed valuable and beautiful.

This is a beautiful, laudable act which can be displayed only under our nation's socialist system and is the character which the chuche-type communist revolutionaries, who have been fostered and indoctrinated by our party, can cherish.

Today the number of unheralded heroes and unheralded, meritorious persons, who are silently struggling by dedicating even their lives to society, to the group, to the party, and to the revolution, whether they are being watched or not, is increasing with each passing day among our people. The movement to follow and learn from them has been vigorously carried out throughout the society.

With a collectivism-based outlook on life, our people are helping and leading each other under the slogan, "One for all and all for one." They are highly displaying the communist trait to work and live in a revolutionary way.

The standard-bearers of the three revolutions in Chonsaeng chongnyon mine and Chongjin tractor parts plant carried out the indoctrination work for those who fell behind [twittoroin saramdul] and united them ideologically and mentally. Thus, they fostered a number of people to be the WPK members and innovators.

There are a great number of our three-revolution standard-bearers among the people who rescued a child from a hole in the ice by dedicating their youth; who saved comrades and facilities by throwing themselves into a mineral stream running over the slant pit; who took care of children who lost parents and fostered them to be youths loyal and faithful to the nation; who sincerely looked after old people without sons and daughters, and who are sharing joy and pains with disabled soldiers after becoming their life-long companions.

All this clearly shows the high level our people's ideological and mental outlook has reached.

In our country, the entire society formed a great harmonious revolutionary family and entire party, the whole Army and all the people have attained single-hearted unity with the great leader [yongdoja] Comrade Kim Chong-il as the center. Herein lies the source of firmness and invincibility of socialism in our country. This is the true nature of our society unfolded amid the flames of the ideological revolution. [applause]

The party's policy of giving precedence to the ideological revolution has been brilliantly embodied in the course of the movement to win the red flag of the three revolutions. As a result, the people's ideological and mental level has been enhanced and their revolutionary zeal and creative activeness have been remarkably inspired. Thus, a great success was registered in implementing the technological and cultural revolutions.

The standard-bearers of the three revolutions in all domains of the national economy boldly and highly established the goals of technological revolution and vigorously carried out the mass technological innovation movement by upholding the party's policy on technological revolution.

The gigantic struggle for technological revolution has been vigorously carried out according to the programmatic tasks set forth by the great leader Comrade Kim Chong-il in his historic letter. As a result, chuche-orientation, modernization and scientization of the national economy have reached a high standard.

All party members and working people, who rose in the movement to win the red flag of the three revolutions, put forward a smooth solution to the issue of raw materials, fuel, and energy by relying on our nation's resources as a basic demand for realizing chuche-orientation of the national economy. They struggled to further strengthen the self-reliance and independence of the socialist economy.

As a result of the movement to win the red flag of the three revolutions vigorously carried out under the party's wise leadership, the chuche-based metallurgical technique through our nation's fuel and raw material was invented and the synthetic rubber industry and new synthetic fiber industry were developed. Furthermore, the new method of (?tunneling) was researched and completed. Thus, the prospect for resolving the nation's tense fuel problem was opened.

The standard-bearers of the three revolutions and working people in various units, including the Yokpo stock farm with the red flag of the three revolutions and Hwasan cooperative farm in Chongdan County, produced alternative fuel, such as methane gas and pine oil, with various types of wastes, trees, and corn, and used them for rotary machines and various other machines, thus greatly helping the nation's economic development.

Modernization of the national economy has been accelerated amid the flames of the movement to win the red flag of the three revolutions, and great success was attained in upgrading the technological equipment level.

During the days of struggle to increase the production capacities of major domains of the national economy and to achieve modernization of the national economy, the project to expand capacities of the Musan mine complex was successfully completed. Following this, the project to expand on a large scale and to modernize facilities in the Hungnam fertilizer complex and the first-stage construction of the oxygen separation instrument workshop in the 8 February Vinalon Complex were successfully completed in a short period of time. The rolled (?steel) production base in the Kim Chaek Iron Complex was constructed, thus enabling us to produce rolled (?steel) in our own way. This is a representative example in such successes.

The standard-bearers of the three revolutions in various units, working people and technicians under the Ministry of Post and Telecommunications completed in a short period of time the project to turn the telephone network in Pyongyang, Pyongsong, Hamhung, Chongjin and Wonsan into a new system, thus greatly contributing to modernizing telecommunications.

In the course of carrying out the movement to win the red flag of the three revolutions, the work of innovating and reforming technology has been vigorously carried out as a mass movement in all domains and all units in the socialist construction.

We put forward the struggle to raise the nation's science and technology onto the world level as an important goal in the movement to win the red flag of the three revolutions, and carried out the technological innovation movement. We also carried out numerous valuable research projects and introduced new scientific inventions and technological innovation plans into production. During these days, world-renowned inventors have emerged.

In the course of vigorously carrying out the technological revolution under the banner of the movement to win the red flag of the three revolutions, plants, enterprises, cooperative farms, workshops and workteams fulfilled the national economic plans without fail, by effecting innovations in production and construction. Thus, they normalized the production at a high level, and their ranks were drastically increased.

The Pukchong household appliances plant; the 10 May plant; the Wonhwa cooperative farm in Pyongwon County; the Wangjaesan cooperative farm in Onsong County; the Moranbong joint-venture company, and many other units that were awarded the red flag of the three revolutions, overfulfilled their plans each year, thus registering proud successes.

The three revolutions standard-bearers and workers of various sectors of the people's economy have produced and constructed more with the existing manpower, facilities, and materials by highly manifesting the revolutionary spirit of self-reliance and fortitude. Thus, they are actively contributing to implementing the party's revolutionary economic strategy.

The three revolutions standard-bearers and workers of the Kwangchon disabled veterans plastic daily necessities plant of the red flag of three revolutions of Tanchon city, are producing over 80 percent of the raw materials and materials necessary in the plant with the local materials they collected themselves. The three revolutions standard-bearers and workers of the agricultural machinery plant of Hwadae County who received the double red flag of the three revolutions, recovered and utilized idle and available materials, and maintained machine facilities on 71 occasions, including production facilities of vinyl products such as vinyl sheets and vinyl pipes, and accepted sawdust heating furnaces in production. Thus, various [word indistinct] machinery and farming materials are being produced through their own strength.

Through the struggle to implement the party's technical revolutionary policy, we built a mighty self-supporting national economy equipped with modern technology. By doing so, it became possible to fulfill any work by ourselves if we had the mind to, and we can say with great pride that we are steadily developing the people's economy without the slightest wavering under the worldwide economic crisis and the imperialists' economic blockade. [applause]

Amid the flames of the movement to win the red flag of three revolutions, the literary and technical level of the workers were enhanced, and great progress was brought about in intellectualizing the whole society. While vigorously carrying out the cultural revolution, university-level factory colleges, farm colleges, fishermen's colleges, and various communications education systems were established, and here, the broad spectrum of workers are enrolled in the network of participating in correspondence courses to prepare themselves to become engineers and assistant engineers.

Through this process, all of the three revolutions standard-bearers of various units, including the Kumsang pit of the double red flag of three revolutions of Yongyang mine; the electric power generation work site of the red flag of three revolutions of the Changjintang power station; and the (?Songang) automobile work site, have already become engineers and assistant engineers. Also, three revolutions standard-bearers and workers from various units, including the Nampo disabled veterans shoe plant of the red flag of three revolutions; the Songgyo clothing plant; and Kangan cooperative farm in Unpa County, are growing up to become magnificent engineers and assistant engineers by enrolling in new university-level factory colleges and farm colleges such as on-the-spot study groups and [words indistinct].

Through the movement to win the red flag of the three revolutions, the workers' literary and technology level were greatly enhanced. The three revolutions standard-bearers and workers of various units including the 26 March plant and the Ongjin textile [word indistinct] plant that received the red flag of the three revolutions, have grown up to become high-level skilled workers, well-versed in their areas and possessing high technology. Therefore, as true masters of modern large-scale production, it was possible for them to actively participate in the enterprises' production and management.

The three revolutions standard-bearers and workers of many cooperative farms, including the red flag three revolutions Unha cooperative farm in Yangdok County, the red flag three revolutions Migok cooperative farm

in Sariwon city, vigorously carried out the let-all-the-family-operate-machines movement, thus they are able to skillfully drive tractors, automobiles, and various agricultural machines. By doing so, they were able to actively contribute to the agriculture's industrialization and modernization.

At various-level schools throughout the country, including the Kim Il-song University and the Kim Chaek University of Technology, by vigorously carrying out the struggle to firmly establish *chuche* in education and to enhance the quality of education, the ranks of excellent classes and schools increased rapidly, and many talented men in the science and technology sectors, including doctors and associate doctors in their twenties and thirties are being fostered.

The great vitality of the movement to win the red flag of the three revolutions has made it possible to bring about affluent fruition even in the struggle to implement the party's *chuche*-oriented literature and art construction policy.

In recent years alone, upholding the leader [yongdoja] Comrade Kim Chong-il's *chuche*-oriented theory on literature and arts and his wise leadership, standard-bearers of the three revolutions, writers, and artists in the field of literature and arts created numerous films, including the art film, "Nation and Destiny," which is a world-famous masterpiece; the monumental epic poems, "Our Eternal Leader Comrade Kim Il-song" and "Glory and Prosperity to the Future of Korea;" the famous classical music piece, "The Leader [suryongnim] Is With Us Forever;" and the song, "Let Us Hold Aloft the Red Flag" which is called the song of red flag of the nineties. Thus, they have greatly contributed to educating our people and effected a new revolutionary turn in the construction of *chuche*-oriented literature and arts.

Along with this, mass sports activities and mass literature and arts activities have been vigorously waged under the party's policy of popularizing sports and arts and making them a routine part of life. As a result, the standard bearers of the three revolutions and the working people are enjoying various forms of substantial cultural and moral life to their hearts' content.

Our reality clearly proves that only when we carry out the cultural revolution thoroughly can we make people free from the constraints of the old culture, prevent them from the imperialists' ideological and cultural infiltration, and, thus, make all people enjoy a socialist cultural life to their hearts' content. [applause]

A system of guiding the movement to win the red flag of the three revolutions has been firmly established, and numerous outstanding experiences have been created

under this system. This is another important success registered in the course of carrying out the movement to win the red flag of the three revolutions.

Under the wise leader [yongdoja] Comrade Kim Chong-il our party has established the system of guiding the movement to win the red flag of the three revolutions and concentrated due efforts on the work of grasping and guiding the movement.

Many party organizations, including the Nampo city party, the North Pyongan provincial party, and the Kaechon city party, have firmly grasped, deepened, and developed the movement to win the red flag of the three revolutions as a party work. Thus, they have further enhanced the public organizations' role and administrative and economic functionaries' sense of responsibility in this movement.

The party committee of the construction complex of the second metal plant correctly established the system of guiding the movement to win the red flag of the three revolutions and firmly turned this work into a party committee work. The party committee of this construction complex let its functionaries have a correct viewpoint on the movement to win the red flag of the three revolutions first and systematically conducted combined and joint operations to vigorously carry out the movement to win the red flag of the three revolutions among the departments. They also [words indistinct] in conformity with the reality in which the movement to win the red flag of the three revolutions is deepened and constantly expanded and developed this movement [words indistinct].

The party committee also systematically organized and conducted discussion sessions on experiences obtained in the movement to win the red flag of the three revolutions and resolution meetings of standard bearers of the three revolutions. Thus, the committee has consistently pushed ahead with the movement to win the red flag of the three revolutions.

The entire process of the movement to win the red flag of the three revolutions has shown the valuable experience that any mass movement can take root deep among the masses and display its genuine cause only when it is firmly organized and carried out as a party work under the responsible control and guidance of the party organization.

Under our party's leadership, the movement to win the red flag of the three revolutions was intensified and developed to a higher level and, in its titanic flames, the three revolutions — ideological, technological, and cultural — were vigorously accelerated, and great progress

was made in implementing the cause of modelling the entire society after the *chuche* idea. [applause]

Brilliant victories and proud results achieved in the revolution and construction during the past period vigorously demonstrate the justness and vitality of the line of the three revolutions presented by the great leader [widaehan suryong] Comrade Kim Il-song. They are also a valuable result of the wise leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il who instituted and has energetically led the movement to win the red flag of the three revolutions. [applause]

It is an important requirement of revolutionary leadership for socialist and communist construction that the party organize and lead mass movements correctly. The working-class party that assumes power can actively accelerate the revolution and construction only when it institutes and develops mass movements befitting the demand of the developing revolution, the popular masses' aspirations, and the level of their preparedness.

The great leader [widaehan suryong] Comrade Kim Il-song presented for the first time in history the extraordinary idea that the three revolutions added to the people's regime make communism. He designated the three revolutions — ideological, technological, and cultural — as the basic content of the revolution that must be implemented by the socialist society and as a task of the continual revolution that must be implemented until the construction of communism, thus clearly elucidating the inevitable course of the socialist and communist construction.

The great leader Comrade Kim Il-song originally elucidated the revolutionary principles and scientific methods of socialist and communist construction and wisely led their realization in our country. The great leader led the revolution and construction to stout upsurges by organizing and leading mass movements in every phase of the developing revolution and, based on his keen insight of our developing revolution's demand represented by the three revolutions — ideological, technological, and cultural — he presented an idea to carry out a new mass movement.

The fatherly leader's idea on pushing ahead with the three revolutions with a mass movement was brilliantly realized by Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people. [applause]

The great leader Comrade Kim Chong-il scientifically grasped our developing revolution's demand for accelerating the modelling of the entire society after the *chuche* idea by vigorously implementing the three revolutions. Based on this cognition, he personally instituted the movement to win the red flag of the three revolutions

in November 1975 and showed his energetic leadership in expanding the movement throughout the country.

Thanks to the extraordinary and seasoned leadership of the respected and beloved general, the new historic age of the highest-level mass movement, which targets the modelling of the entire society after the *chuche* idea, opened in our country. The great leader Comrade Kim Chong-il clearly elucidated the nature and tasks of the movement to win the red flag of the three revolutions, as well as principled questions in organizing the movement, and has wisely led the perennial and stout practice of the movement.

In particular, the great leader [yongdoja] Comrade Kim Chong-il personally convened the meeting of forerunners of the movement to win the red flag of the three revolutions in November 1986 and sent the historic letter, "Let us more vigorously wage the movement to win the red flag of the three revolutions," to participants of the meeting. Thus, he provided a momentous occasion which made it possible to further deepen and develop the movement to win the red flag of the three revolutions at a new, high stage.

In the letter, the respected and beloved general delineated the strengthening of party guidance to the movement to win the red flag of the three revolutions as an important task. Thus, he not only overcame the old concept which advocated that guidance to mass movements is conducted by mass organizations such as trade unions, but also deepened and developed the theory on mass movements onto a new, high stage and saw to it that the movement to win the red flag of the three revolutions was vigorously carried out as an all-party work and a whole-society work.

Through the struggle to implement the task set forth in the great leader [yongdoja] Comrade Kim Chong-il's historic letter, the movement to win the red flag of the three revolutions reached a new, high stage and a great upsurge was effected in all fields of the revolution and construction.

The movement to win the red flag of the three revolutions is being deepened and developed, and the ranks of the three revolution standard-bearers are increasing with each passing day. The respected and beloved general's special concern and consideration and benevolent concern dwell precisely in this.

Despite his busy days in taking care of the overall work of party, state, and military affairs, the great leader [yongdoja] Comrade Kim Chong-il gave detailed teachings on matters related to the movement to win the red flag of the three revolutions. Whenever he heard of reports in which units won the red flag of the

three revolutions, he rejoiced and bestowed benevolent consideration upon the units.

With the great leader [yongdoja] Comrade Kim Chong-il's deep trust and warm love, numerous standard-bearers of the three revolutions have grown up to be party members of the WPK and labor heroes and have been blessed with high honors from the state.

Regarding the electric locomotive and coaches that the standard-bearers of the three revolutions throughout the country manufactured with their devoted loyalty on the occasion of the 50th anniversary of the founding of the party, the respected and beloved general saw to it that the locomotive is called "The Three Revolution Red Flag-ho," proceeding from his deep desire and expectation that all three revolution standard-bearers can vigorously advance only along the party, flying the red flag of the three, like locomotives running on a two-line track.

Indeed, the great leader [yongdoja] Comrade Kim Chong-il's leadership is the source of all of our victories, and carrying out the movement to win the red flag of the three revolutions under the respected and beloved general's leadership is the greatest honor and happiness of all standard-bearers of the three revolutions and all of the working people. [applause]

At this significant meeting today, together with the unanimous loyalty and reverence of the participants of the meeting and standard-bearers of the three revolutions throughout the country, I extend eternal and immortal glory to the great leader Comrade Kim Il-song who has led the cause of socialism, communism, to the single road of victory by presenting the line of the three revolutions — ideological, technological, and cultural — under the banner of the *chuche* idea. At the same time, I extend utmost honor and warmest gratitude to the great leader [yongdoja] Comrade Kim Chong-il who is wisely leading the entire party, all the people, and all the Army so that they can further accelerate the work of modeling the whole society after the *chuche* idea by vigorously waging the movement to win the red flag of the three revolutions. [applause]

Comrades:

Our revolution has advanced far under the flag of the three revolutions, and today our party and people have entered the road of a new historic march. The road of our march is the road of the sacred struggle to successively uphold the red flag of the revolution that the great leader [widaehan suryong] Comrade Kim Il-song upheld on the hallowed Mt. Paektu. It is also the road of victory, where we should have the three revolutions of ideology,

technology, and culture engraved on the flag and should consummate the chuche revolutionary cause.

The revolutionary road we should take is not level; we should go through the arduous and rugged road of struggle in the future, too. However, our party and people will never hesitate or regress by even a step no matter how difficult a situation may be, and no matter how difficult the trials we face may be, and will keep the revolutionary pledge they swore before the red flag. [applause]

We should struggle with an unyielding attitude on the revolutionary road which the great leader Comrade Kim Il-song pioneered while upholding the red flag. While flying the flag even higher, we should brilliantly consummate the chuche revolutionary cause, the socialist and communist cause, following the great leader [widaehan yongdoja] Comrade Kim Chong-il. Our revolution, which advanced along the honorable road of victory under the party's leadership, has entered a new and higher stage to achieve the complete victory of socialism and to model the entire society after the chuche idea, according to the behest of the great leader [widaehan suryong] Comrade Kim Il-song.

Today's situation and our tasks require us to thoroughly implement the revolutionary line of independence, self-reliance, and self-defense and to vigorously carry out the three revolutions — ideological, technological, and cultural — so as to strengthen the country's political, economic, and military might. Upholding the great leader's letter and the tasks presented by the congratulatory message from the party Central Committee, we should constantly conduct new miracles and feats while amplifying the sound of the revolutionary drum on all fronts of the socialist construction, by more vigorously carrying out the movement to win the red flag of the three revolutions.

The great leader [widaehan yongdoja] Comrade Kim Chong-il noted: The primary task of the movement to win the red flag of the three revolutions is to actively accelerate the ideological, technological, and cultural revolutions in accordance with requirements in the work of modelling the entire society after the chuche idea. The modelling of the entire society after the chuche idea is our party's supreme program and the generic goal of our revolution, and it can successfully be achieved only by vigorously carrying out the movement to win the red flag of the three revolutions, which targets the ideological, technological, and cultural revolutions.

We should stoutly carry out the ideological revolution. Giving priority to the ideological revolution is essential in implementing the socialist cause. Only when we adhere to ideology and firmly give priority to the ide-

ological revolution, can we defend the socialist cause and achieve victory. As was proven by historic lessons from socialist construction, socialism will achieve victory when it adheres to ideology, but will end in ruin when it loses ideology. Neglecting the ideological revolution is no different from losing the lifeline of the socialist construction.

Being deeply aware that ideological consciousness plays a decisive role in the struggle to construct socialism, we should firmly give priority to the ideological revolution and constantly intensify and develop it in accordance with the development of the revolution and construction.

What is essential in carrying out the ideological revolution is to arm all people with our party's revolutionary idea, the chuche idea, and to strengthen the political and ideological unity of the entire society based on the chuche idea.

We should substantially conduct the socialist ideological indoctrination, including the indoctrination in party policies, the indoctrination in the revolutionary tradition, class indoctrination, the indoctrination in collectivism, the indoctrination in socialist patriotism, and the indoctrination in communist morality, with the primary emphasis on the indoctrination in loyalty to the party and the leader [suryong], among party members and the working people. Thus, we should prepare party members and the working people to become chuche-type communist revolutionaries with a firm revolutionary outlook on the leader [suryong] and should vigorously build the main force of socialist, communist society.

Arming all members of our society with socialist ideology and, thus, leading them to have a firm faith in certain victory in the cause of socialism is an important duty of the ideological revolution.

One's faith in socialism becomes firm when one cherishes loyalty and filial piety to the party and the leader [suryong] as one's revolutionary faith and sense of obligation.

As [words indistinct] shows, loyalty and filial piety are the revolutionaries' supreme character, and the single mind of loyalty and filial piety is the strongest weapon.

The secret that our people have been able to consistently and victoriously advance without the slightest degree of faltering in the course of fighting their way through the unprecedentedly arduous seas of blood and fire of the revolution, lies precisely in the fact that all the people and the entire society have been firmly united through trust in, loyalty, a sense of obligation, and filial piety to [word indistinct], loyalty and formed into a single-minded organism of loyalty and filial piety.

The great leader Comrade Kim Il-song is the pioneer and leader of the chuche revolutionary cause, and our socialism is the invincible socialism which the leader [suryong] has built and glorified by fighting his way through an arduous road of struggle. [applause]

We should firmly safeguard and defend our socialism with single-minded loyalty and filial piety and with the firm faith that the great leader Comrade Kim Il-song is with us forever and should add luster to it infinitely.

All standard-bearers of the three revolutions should uphold the great leader Comrade Kim Il-song as the leader [suryong] of our party and people forever and should perform obligations and duties as the leader's [suryong] fighters and followers along the sacred road of consummating the chuche revolutionary cause.

We should firmly grasp the great leader Comrade Kim Il-song's revolutionary ideology, that is, the chuche idea, as our party's eternal guiding ideology and guiding theory and should add luster to it as the firm motto of our life and struggle and as the spirit of the nation. Thus, we should strengthen and develop our party eternally into Comrade Kim Il-song's party and should let our fatherland glorify itself forever as a powerful, big state which will be called together with the revered name of the leader [suryong]. [applause]

Upholding the great leader [yongdoja] Comrade Kim Chong-il's ideology and leadership with loyalty is a decisive guarantee for inheriting and consummating the chuche revolutionary cause, the cause of socialism.

The dear Comrade Kim Chong-il is the prominent ideologist and theorist and the ever-victorious iron-willed commander who is leading our party and people and our revolutionary Armed Forces to the single road of victory. He is also the symbol of all of our victories. [applause]

Flag bearers for the three revolutions must cherish in their hearts the unchanging belief that they will always win victories as long as there is the respected and beloved comrade supreme commander, absolutely believe and follow the great leader [widaehan yongdoja] Comrade Kim Chong-il, and be boundlessly loyal to the general's ideas and leadership.

Single-hearted unity is an immortal, honorable tradition in our revolution and a banner of victory. We must solidly maintain and further glorify the honorable tradition of the Korean revolution, which has overcome stern trials and walked along a brilliant, victorious road on the strength of single-hearted unity.

Flag bearers of the three revolutions must unite, unite, and unite around the great leader [widaehan yongdoja]

Comrade Kim Chong-il, consider single-hearted unity in our revolutionary ranks to be the most precious thing, and consolidate it rock-solid.

Flag bearers of the three revolutions must highly display the revolutionary spirit of considering the party's lines and policies to be the most just and implementing them to the end with boundless devotion. The revolutionary tradition is our revolution's historic root and an ideological and spiritual asset that maintains the lifeline of the revolution.

We must strongly arm ourselves with the honorable tradition of the chuche revolution which the great leader [widaehan suryong] Comrade Kim Il-song built, resolutely defend it, and purely inherit and develop it. Flag bearers of three revolutions must thoroughly implement the revolutionary tradition in socialist construction and all other areas and eternally glorify it under the slogan "Let us produce, study, and live in the anti-Japanese guerrilla work style!".

For us to strongly arm ourselves with the class consciousness of the working class and assume a working class-oriented view and position is always an important issue in the entire course of implementing the socialist cause. Flag bearers of the three revolutions and workers must strongly arm themselves with the class consciousness of the working class, always maintain the working class-oriented view and position, and endlessly hate exploitative systems and imperialism and resolutely struggle against them. They must also thoroughly block the ideological and cultural infiltration of imperialists and reactionaries and must never allow any alien ideological element from infiltrating us.

All flag bearers of the three revolutions must cherish deep in their hearts their duty as revolutionary people who defend the socialist fortress and devotedly struggle to enrich and develop our country, our chuche-oriented socialist fatherland, where the people of Kim Il-song are living.

Arming oneself with the collectivist idea and implementing the collectivist principle is a basic guarantee to develop and complete socialism. Flag bearers of the three revolutions must strongly arm themselves with the collectivist spirit and thoroughly implement the collectivist principle in all areas of socialist construction. By so doing, they must highly display the noble collectivist spirit of devotedly struggling for the party and the leader [suryong], the fatherland and the nation, and society and the collective and fill all of society with the spirit of working and living under the slogan "one for all, and all for one."

We must consider defending socialism and glorifying it to be a noble, moral duty and motto in our lives and constantly defend socialism and glorify it.

Flag bearers of the three revolutions must always take the lead in establishing collective morality, based on comradely love and a revolutionary moral obligation, and, thus, establish a noble communist spirit in which all members of society love groups they belong to and their comrades respect their superiors, consciously adhere to social order, and are courteous.

By vigorously accelerating the technological revolution, we should promptly realize the chuche-orientation, modernization, and scientization of the national economy.

We should carry out the technological revolution based on the principle of satisfactorily realizing the chuche-orientation, modernization, and scientization of the national economy from the chuche-based standpoint, and according to the concrete situation in our country and to our people's creative power.

The standard-bearers of the three revolutions should resolve the problems on raw materials, fuel, and energy by relying on our nation's abundant resources, and should accelerate introduction of automation and remote control of the production process. They should also actively realize the industrialization of agriculture.

We should concentrate efforts on resolving technical problems raised in implementing the party's revolutionary economic strategy, and should vigorously carry out the mass technological innovation movement. We should give priority to the production of coal, electric power, and steel, and should effect a new upsurge in production of grains and consumer goods.

Today, our revolution and construction demand that we advance by more highly upholding the banner of self-reliance. By continually displaying the revolutionary spirit of self-reliance and arduous struggle, we should carry out all works in our own way. Our own way means the chuche position, self-reliance is the symbol of chuche.

The imperialists are intensifying economic blockade maneuvers in a bid to suffocate our nation's socialism. Today, when the situation became very complicated, the only way for accelerating the socialist economic construction is to display the revolutionary spirit of self-reliance and arduous struggle. The key to advancing our revolution is to display the revolutionary spirit of self-reliance and arduous struggle. This is precisely the reserve for ensuring success in economic construction.

"Let us vigorously accelerate the socialist general march with the revolutionary spirit of self-reliance and arduous

struggle!" is the call of our party today and is the militant slogan which our people should uphold.

All functionaries and standard-bearers of the three revolutions should resolve all problems with our own strength by fully mobilizing all potential by cherishing such spirit as the one displayed by the anti-Japanese fighters during the arduous march, such willpower as the one shown by our heroic fighters as they crossed the surging waves of the river, and such vigor with which our people ensured the (?rear) of the fatherland by tightening up our belts. We should highly display the spirit of living in our own way and should fulfill the revolutionary tasks without fail.

All domains and all units should decisively liquidate the phenomenon of wastefulness and further intensify the conservation movement.

Today our patriotism should be displayed in saving even a watt of electricity, a handful of coal, a gram of oil and a piece of grain. We should economize everything and economize again and should actively discover the internal reserves and effectively use them. Thus, we should continually register innovations in the revolution and construction.

All domains should positively economize foreign currency and should more vigorously carry out the struggle to ensure the imported materials we relied on, with domestic products. We should reject empty formalities and vanity from all areas, and should thoroughly establish the trait of leading a frugal life and assiduous work style by encouraging thrifty habits.

We should satisfactorily carry out the national land management and tree-planting and afforestation work. Only when we persistently carry out the national land management and tree-planting and afforestation work with a view to the future, can we constantly develop the nation's economy based on the long-range plan and prevent natural disaster from occurring. Thus, we can make the scenic beauty of the nation even more beautiful.

The standard-bearers of the three revolutions should plant more fruit trees and organize villages assiduously. By planting more trees and taking good care of them, we should set an excellent example in national land management, tree-planting, and afforestation work.

By more vigorously waging the cultural revolution, we should effect new developments in all domains of cultural construction, including science, education, public health, literature, art, and sports.

The important strategic goal in implementing the cultural revolution is to intellectualize the entire society,

and the issue to which efforts should be directed on a priority basis is to develop educational work.

By carrying to accomplishment the tasks set forth in the thesis on socialist education and the party's intellectualization policy for the entire society, we should see to it that all workers have a cultural and intellectual level similar to that of college graduates, and that they possess more than one professional ability.

By broadly carrying out mass cultural work and character education among the working people, we should make them enjoy a cultural and optimistic life with a high degree of cultural knowledge.

By eliminating various forms of uncivilized and backward customs, we should comprehensively establish a revolutionary and popular socialist life-style, and should highly display the superiority of our own style of socialism in various fields of daily life.

With a view to vigorously carrying out the movement to win the red flag of the three revolutions, we should make the blaze of this movement a fierce flame in all domains and all units.

By aggressively waging political work among a broad range of masses, we should encourage all party members and working people to voluntarily and actively participate in this movement with a high degree of zeal.

Through means of publication and information, including newspapers and broadcasts, and through various forms and methods, including lecture agitation, we should broadly carry out the work of introducing and propagandizing exemplary units of the movement, as well as the standard-bearers of the three revolutions, to win the red flag of the three revolutions.

At the same time, we should realistically establish the resolved target of the movement to win the red flag of the three revolutions, and should actively strive to accomplish the goal. The units that won the red flag of the three revolutions should raise the goal even higher while consolidating already-won achievements, and should carry out the struggle to win the double and triple red flags of the three revolutions, thus constantly deepening and developing this movement.

We should carry out the movement to win the red flag of the three revolutions by closely combining it with other mass movements. We should establish the resolved target of the movement to follow and learn from unheralded heroes, from the Chong Chun-sil movement, from the movement to establish the exemplary set of facilities, and from other mass movements so the target will contribute to actively pushing ahead with the three revolutions—ideological, technological, and cultural.

Thus, we should see to it that all mass movements are carried out as movements closely connected with each other to achieve one goal.

We should enhance the role of workers' organizations in the movement to win the red flag of the three revolutions. Workers' organizations should actively carry out ideological indoctrination and mass political work so that union organizations can substantively carry out the movement to win the red flag of the three revolutions according to their characteristic conditions through various forms and methods.

We should enhance the responsibility and role of administrative and economic functionaries in the movement to win the red flag of the three revolutions. By keenly realizing the importance of the mission assigned to them in the movement to win the red flag of the three revolutions, administrative and economic functionaries should participate in this movement worthy of masters, and in particular, should responsibly organize and carry out administrative and economic work, including the insurance of materials, technical guidance, production and labor power organization, and rear area supply work.

We should carry out the movement to win the red flag of the three revolutions as the party work. What is important in doing this is to firmly turn this movement into the work of the party Central Committee.

Party organizations at all levels should see to it that party central committees directly involved in the design and operation of all works related to the movement, win the red flag of the three revolutions and vigorously carry out the movement by organizing and inspiring all offices and units.

What is important in pushing ahead with the movement to win the red flag of the three revolutions as the party's work is to enhance the role of responsible functionaries in party central committees of all levels.

Responsible functionaries in party central committees at all levels should have lofty awareness that they are commanders who guide the movement to win the red flag of the three revolutions by directly grasping it, and should systematically and vigorously carry out the movement by actively inspiring offices and functionaries within the party central committees.

Today, the circumstances of our revolution still remain complicated and tense. We are building socialism in the midst of acute confrontation with the enemy.

Our enemies are frenziedly running amok with war provocation maneuvers while intensifying the political and economic pressure and economic blockade in order to isolate and suffocate our Republic.

Under this situation, the standard-bearers of the three revolutions and all working people should keenly watch every movement of the enemy with heightened revolutionary vigilance and should always maintain a stance of alertness and mobilization so as to cope with any unexpected provocation.

We should establish the trait of attaching importance to military affairs in society, and sincerely and wholeheartedly support the People's Army. In an emergency, all the people should defend the socialist fatherland with our lives by thoroughly smashing and sweeping out the aggressors in firm unity as one. [applause]

The party's expectations for the movement to win the red flag of the three revolutions are indeed great, and the mission of standard-bearers of the three revolutions is honorable and important.

The standard-bearers of the three revolutions should repay the party's trust and expectations without fail by honorably fulfilling the mission assigned them at their respective guard posts.

Although our people's struggle is arduous today, it is an honorable and sacred struggle for prosperity and development of our fatherland and for the future of mankind. Victory of our struggle is certain and sure. [applause]

Although the imperialists and reactionaries are persistently maneuvering to isolate and crush us, they cannot block the majestic advance of our people who are fighting with confidence in the justness of their cause and with faith in sure victory.

Our party, Army, and people, who are led by the ever-victorious leadership of Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, who is the great thinker and theoretician, and the great politician and uncommon outstanding commander, will be ever-victorious forever. [applause]

Let us all unite around the party Central Committee with the respected and beloved Comrade Kim Chong-il as the center. Let us more tenaciously fight to carry to accomplishment the chuche revolutionary cause by highly upholding the banner of the chuche idea, the red flag of the revolution. [applause] [shouting of slogans]

South Korea

U.S. Soldier Reportedly Assaults Taxi Driver

SK0512012095 Seoul KYONGHYANG SINMUN
in Korean 2 Dec 95 p 23

[FBIS Translated Text] On 1 December, the Uijongbu Police Station in Kyonggi Province arrested Corporal Dennis Jackson of the 2nd U.S. Infantry Division on

charges of violating the Law on Punishment of Violent Acts, and handed him over to the U.S. military police.

At around 1330 GMT on 30 November, Corporal Dennis Jackson beat without reason taxi driver Yim Yong-chol, 34, while the latter was checking his taxi in front of the bus terminal located at 425 Posan-tong, Tongduchon, Kyonggi Province.

Heightening of National Security Posture Urged

SK0212124095 Seoul SEOUL SINMUN in Korean
30 Nov 95 p 3

[Editorial: "Is There Any Looseness in Our National Security Posture? — The Government's Analysis of North Korea's Movements and Its Preparations"]

[FBIS Translated Text] We must not slacken our vigilance against North Korea even a little, despite the prosecution's investigation of a scandal involving a former president's slush fund, the plan to enact a special law on the 18 May coup d'etat, and other turbulent developments in the domestic political situation. In fact, we must further heighten our vigilance for those very reasons. It is generally believed the security situation on the Korean peninsula is unstable and fluid because of the serious economic difficulties faced by North Korea. The meeting of reunification-related ministers on 28 November discussed North Korea's actions, and the defense minister issued instructions calling on the military to strengthen its alert posture. Previously, the president also gave similar instructions. We think this is a timely measure by the government.

Security on the Korean Peninsula Is Facing a Serious Crisis Situation

At present, security on the Korean peninsula faces the most serious threat following the U.S.-North Korea agreement in Geneva. This is due to the delay in Kim Chong-il's formal succession of power, the subsequent political uncertainty in North Korea, and the serious economic difficulties facing the North. It has been pointed out that turbulent developments in the domestic political situation in the ROK further threaten our security, having an adverse effect.

The top leaders in the ROK and the United States issued a warning to North Korea during their recent telephone conversation. This is proof that such a threat exists. During the conversation, the two agreed that the "ROK and the United States need to send North Korea a powerful message based on our unshakable alliance." In so doing, the two countries expressed their grave concern about the possibility of a reckless North Korean provocation and warned of such a possibility. TIME,

a weekly news magazine, predicted North Korea may unleash an armed provocation out of misjudgment.

A Powerful Message by the ROK and U.S. Top Leaders

The irreversible economic difficulties facing North Korea are the most important reason we feel our security is at stake. The most serious difficulty is the food shortage. The meeting of reunification-related ministers noted that North Korea has a grain shortage of approximately 2.6 million tonnes because of last summer's flood. In addition, the leader of a fact-finding team of the International Committee of the Red Cross, which recently visited North Korea for six weeks, stated that the food shortages have already started threatening the lives of numerous North Koreans. Some even predict that March or April will be a critical moment. Experts say no one can rule out the possibility that North Korea may choose to unleash a provocation in an effort to escape from its hopeless situation.

In addition, it is pointed out that Kim Chong-il's formal power succession has not been concluded, which may also create instability in the North Korean regime. It is also pointed out that the North Korean leadership may try to find a solution to its problems by launching a provocation against the ROK. The party has always maintained the upper hand in North Korea. However, the military has now built up a powerful influence there. This is proof North Korea may unleash an armed provocation and promote military tensions.

North Korea's Large Forward Deployment of Armed Forces

Incidents that are cited as proof for such a possibility are North Korea's refusal to repatriate the vessel *Usong*; the kidnapping of Reverend An; and the dispatch of armed spies, some carrying poison pistols, to kill ROK dignitaries. North Korea was caught purchasing antiaircraft guns; has mobilized 1.2 million soldiers in this year's military exercises; and has bolstered gun batteries along the DMZ, which are a mere one hundred miles from Seoul. It also deployed in forward positions approximately 70 170-mm howitzers and 240-mm multiple rocket launchers, all of which are aimed at Seoul. In addition, it recently conducted a large military exercise involving spreading its aircraft along the frontline and rear areas. As a result, North Korea reportedly deployed approximately 80 MiG-19's and bombers close to the DMZ.

However, despite this threatening situation, we believe that we have grown up enough to live with such turbulent developments as the investigation of the slush fund scandal and the enactment of the 18 May Special Law.

Still, we need to take precautions against the possibility that a series of political and social controversies involving the military may lead North Korea to mistakenly believe that our military's command structure, its discipline and morale, and its alert posture suffer problems.

National Security Allows No Exercise

National security allows no exercise or the slightest mistake. We must be fully ready, and cannot tolerate carelessness. We must bear in mind that provocations always come at an unexpected time in a way that exploits our weaknesses. Continued watertight vigilance is important. We must raise our awareness of security until we achieve reunification. However, the investigation of the slush fund scandal, the enactment of the 18 May special law, and other reform measures must proceed as well.

Suggestions Issued for Doing Business With North

*SK0512030695 Seoul CHOSON ILBO in Korean
30 Nov 95 p 10*

[Article by Kim Yon-kwang]

[FBIS Translated Text] The almighty basketball player Michael Jordan was at a loss on a baseball diamond. ROK businessmen with expertise in international markets are often frustrated at the negotiation table with North Koreans. The Korea Trade Promotion Corporation [KOTRA] recently prepared for ROK businessmen "18 commandments for doing business with North Korea":

1. Do not think you are an expert. There is no expert in doing business with North Korea. Take a humble attitude and examine the situation.
2. Do not interpret a North Korean's expression or gesture in our way.
3. North Korean trade functionaries are dyed-in-the-wool socialists. Do not waste time arguing the merits and demerits of socialism.
4. Those with official titles tend to show exaggerated gestures to achieve a goal or implement a plan. When they show exaggerated actions, you may be used politically.
5. Make clear the role of intermediaries, including PRC businessmen, Korean-Chinese, and Korean-Americans.
6. Eliminate all factors that might create misunderstandings. Do not rely on brokers. Regularly check everything for yourself.
7. Do not make promises you cannot keep. Negotiate within your ability and in accordance with the situation.

8. Make your counterpart relax. It takes a long time for North Korean businessmen to build trust in others.

9. Remember, doing business with North Korea is literally 10 times more difficult than doing business with capitalist countries.

10. Heroism is a shortcut to failure. Beware of those overseas Koreans who brag about "I know such and such person."

11. Take legitimate steps. Blindly pushing ahead or pursuing illegal means make things more complicated.

12. Try to understand North Korean businessmen. Study their gestures and actions.

13. Do not hurt a North Korean's pride. Pointing out their weaknesses and shortcomings is the "poison" that leads to business failure.

14. North Koreans have a deep root in Confucianism. It does not hurt to be polite to them.

15. You cannot be successful with a lax attitude when doing business with North Korea. Always be alert.

16. North Korean businessmen trust well-prepared people. Have all documents ready in advance.

17. The first step is to understand your counterpart's ability.

18. Keep secrets. Obtain their consent should you make the secret public.

PRC Urged To Correct AsiaSat-3 Orbit

SK0412130395 Seoul SEOUL SINMUN in Korean
4 Dec 95 p 9

[Answer from the Communications Satellite Section of the Wave Broadcasting Management Bureau of the Ministry of Information and Communications to a reader's question concerning the affect of the PRC satellite AsiaSat-3 on the ROK's Mugunghwa No. 2 satellite to be launched 29 December]

[FBIS Translated Text] [Question] There are some reports that because the PRC has illegally moved and operated AsiaSat-3 in the space near the planned orbit of the ROK communications satellite, it will affect the communications satellite test of the Mugunghwa No. 2 satellite, which is scheduled to be launched on 29 December. Is this really possible?

[Answer] Over the past five years, the ROK has gone through all procedures required by the International Telecommunications Union [ITU] and registered frequencies with it in August used both in the orbit of the 116- and 113-degree east longitude satellite and in the Mugunghwa satellite. As a result, it has been inter-

nationally recognized to be exclusively protected from wave interference of all satellites launched since that day.

The PRC AsiaSat-3 lately discussed in newspapers is the used Spacenet-1 launched and operated by the U.S. company GTE at 120 degrees west longitude. After purchasing this satellite, the PRC has moved and operated it in the 115.5-degree east longitude position since July 1993. Because the AsiaSat-3 is located in a spot 0.5 degrees away from the 116th-degree east longitude slot allocated to the Mugunghwa satellite, some of its frequencies will be mixed with the communications frequency of the Mugunghwa (four out of the twelve relay stations). Therefore, it will clearly affect the Mugunghwa satellite test. Regarding this, the PRC asks for the ROK's understanding, saying that the AsiaSat-3 will last only until April 1996. On the other hand, the ROK has asked the PRC to correct it, saying that the problem will interfere with the satellite test of the Mugunghwa No. 2, which will be carried out before commercial satellite service is conducted in July next year. At the same time, the ROK has already informed the ITU.

The two countries held a first round of meetings in November 1993 in Beijing, a second round of meetings April 1994 in Seoul, and a third round of meetings 30 November-1 December to discuss this issue, making efforts to resolve it.

Foreign Exchange Reform Plan Examined

SK0412043695 Seoul THE KOREA TIMES in English
4 Dec 95 p 9

[Article by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Seoul revised its five-year foreign exchange reform plan aimed at accelerating its move toward freer and fuller capital inflows and outflows.

The revision has been greeted with both international respect and skepticism. The plan is sure to convince foreign financiers and trading partners that Seoul's policymakers are dedicated toward liberalization. But the plan is said to be not extensive enough to clear away the lingering international perception that Korea wants to have its cake and eat it too. The feeling is that Korea has a long way to go before achieving the present standards of the foreign exchange systems of industrialized countries, especially OECD members. The plan's major highlights are:

First, the new plan boldly encourages capital outflow but it is quite conservative in removing controls on capital inflow. Except for real estate, Koreans are able

to invest in overseas assets, including bonds and stocks. But the government carefully kept a watertight seal on foreign hot money inflow. Policymakers took the approach because interest rates and economic growth rates are higher here than abroad.

Second, the modified plan is more concrete than the old one because it set out a specific timetable of flows to be liberalized at least over the next two years although policymakers are still reluctant to specify what specific measures will be implemented in the third and last stage of the five-year plan, especially during 1998 and 1999.

Third, the government additionally identified the sectors that can be liberalized ahead of schedule and included new deregulatory measures that were not specified in the previous plan.

Fourth, it was bold in liberalizing the current account controls while taking a conservative attitude in removing controls on capital account.

Assistant Finance and Economy Minister Kim Yong-sop said the government is accelerating the foreign exchange reform plan for "Korea's own interests and needs" within a framework of not jeopardizing macroeconomic stability. But few doubt the plan was revised partly to prepare for the nation's entry into the Organization for Economic Cooperation and Development next year.

Kim said, however, "Korea did not consult with the OECD in revising the plan." He did not mention whether Seoul plans to revise the plan again before entry into the OECD. Many analysts here speculate that Seoul will have no choice but to make "additional concessions" if it is really interested in gaining an OECD seat.

But there are a significant number of critics who argue against more concessions.

From the OECD point of view, Korea will continue to maintain a relatively restrictive foreign exchange and capital flow system even after the envisaged plan is completed in 1999, Western bankers here said. They said even after 1999, foreigners will be unable to buy more than 90 percent of Korean bonds and 100 percent of money market instruments such as certificates of deposit (CDs) and commercial papers (CPs).

The Ministry of Finance and Economy boasted that Korea has "virtually" freed all controls on capital account transactions. But the threat is that tax offices and regulators will closely monitor persons abusing the liberalization measures.

Western bankers repeatedly said that Korea is able to lower its exorbitantly high interest rates by freeing first capital inflows. But Seoul officials this time again stick to their view that they will be ultra conservative in

opening the spigot on capital inflow, "at least until domestic money market rates are lowered significantly to international levels."

This is putting the cart before the horse, an American banker said. Thus Seoul officials said they will continue to control imports of "cheap" foreign commercial loans, and prevent foreigners from buying local bonds and money market instruments.

There are so many strings attached to the new liberalization measures, which make the reform program less meaningful. For example, the government said individuals will be freely able to deposit money overseas in 1996 and 1998. But it said Koreans must keep their money at the "overseas units of banks in Korea."

Furthermore, when the money individuals have overseas exceeds a certain limit (which it has not actually specified), special approval from the governor of the Bank of Korea will be needed and the list of overseas depositors will be submitted, if necessary, to the tax office. Individuals must designate one bank here for remitting their deposits abroad and the designated bank will be subject to annual regulatory review.

These cumbersome conditions raise questions about whether it is "safe" for Koreans to deposit money abroad.

In liberalizing the foreign exchange controls, policymakers have to walk a tight rope, in order not to antagonize domestic critics who said the government will be to blame if the economy goes downhill. These critics argue that Korea should not reform the foreign exchange system, just for the sake of gaining a seat in the OECD.

On the other hand, policymakers have to be progressive enough to accommodate the international criticism that Korea is too timid in removing controls on capital flows.

Yon Won-yong, director general in charge of the plan at the Ministry of Finance and Economy, said, "The revised plan reflects a consensus view within the government, saying that the plan will continue to be modified in keeping with the changing economic situation."

He said the reform plan is a dynamic process that needs continuous revision but "we should not make the mistake of de-stabilizing the economy just for the sake of liberalization and reform."

Citibank Seoul Branch Manager John M. Beeman said "Korea is one of the most highly industrialized countries in the world which does not have a highly efficient financial system."

But he said Korea has been "making steady continuous progress in reform of the financial market." He indicated that it is up to Korean policymakers to set the pace of liberalization but that the reform plan must be not be ambiguous.

Ex-Official's Refugee Application Dismissed

*SK0412111095 Seoul YONHAP in English
0737 GMT 4 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — Immigration authorities of New Zealand Monday refused to grant refugee status to Choe Sung-chin, a former official of the South Korean Embassy in Wellington who is charged by his government with fabricating official documents, a Foreign Ministry official said.

Choe countered by saying he would bring the case to an appellate authority, said Kim Ha-chung, director general of the ministry's Asia Pacific Affairs Bureau.

"I have just received a report from the South Korean Embassy in Wellington about the broadcasting news report that the immigration authorities of New Zealand dismissed Choe Sung-chin's application for refugee status," he said.

Kim said that he could not confirm the report because Wellington would not officially inform Seoul of the result of the examination of the application filed by Choe because Choe might insist that the New Zealand Government imposed undue pressure to make matters worse for him.

As far as he knew, Wellington is not in a position to officially announce any outcome of such applications involving human rights before the result is delivered to Choe, he said, hinting at the possibility that the Foreign Ministry was unofficially notified of the result.

"The government of the Republic of Korea, however, welcomes the decision of the immigration authorities of New Zealand, if the immigration authorities actually dismissed Choe's application as reported by local media," Kim said.

New Zealand's decision shows that Choe's claim that he may face political persecution in the event that he returns to Seoul is totally groundless, he said.

Kim urged Choe to return to his country immediately without taking further "unnecessary" activities which could undermine national interests.

Introducing remarks by the New Zealand immigration minister made at a television news program that Choe has the right to appeal to the Refugee Status Appeal Authority (RSAA), Kim said that such a grievance can be filed within 20 working days.

According to Kim, the process can take anywhere from two to 22 months, for the independent immigration appellate authority to decide on Choe's case.

The Foreign Ministry has accused Choe of leaking a document of the Foreign Ministry which calls on Korea's overseas missions to conduct surveys of local autonomy systems in their host countries in preparation for Seoul's plan to introduce local autonomy.

He is also suspected of fabricating the document to indicate that the Foreign Ministry intend to gather information on local autonomy systems in foreign countries to thwart efforts by opposition parties of the country to introduce local autonomy system in the country.

The Foreign Ministry and the main opposition National Congress for New Politics (NCNP) filed complaints with each other, charging the other with slandering in connection with the fabrication of the ministry's document on the local autonomy survey.

Choe filed the complaint with the Refugee Status Branch (RSB), which is affiliated with the immigration authorities, last July, insisting he feared that the Seoul government will persecute him politically if he returns to Seoul.

South Korea summoned its Ambassador to New Zealand Yi Tong-ik last September apparently in protest over the delay by the Wellington government in making a decision on the Choe case.

Chon Tu-hwan Arrested, Taken to Anyang Prison

*SK0212225395 Seoul KBS-1 Television Network
in Korean 2140 GMT 2 Dec 95*

[Report by An Se-tok Hapchon — live relay]

[FBIS Translated Text] The arrest warrant for Chon Tu-hwan has been served in Hapchon. Chon Tu-hwan is being taken to Anyang Prison by investigators. Chon Kyu-myong's house, where Chon Tu-hwan stayed for the night, is empty because all the relatives are out to see Chon Tu-hwan off. Some relatives are seen in the alley.

Chon Tu-hwan was asleep when the investigators arrived with the arrest warrant at about 0555 [3 December, 2055 GMT 2 December]. As he said in his public statement that he would accept any measure taken by the judiciary, Chon Tu-hwan followed the investigators without resistance. Chon Tu-hwan remained silent throughout the arrest, and rode in the investigators' Sonata car with plate number Seoul 2-ku 4442. The car has just left the town and is heading toward Seoul.

Chon Kyu-myong's house, where Chon Tu-hwan stayed, was off limits to reporters, and it is not known what happened inside. It is said that Chon Tu-hwan followed the investigators without a word or resistance. The arrest process took about 40 minutes. Chon Tu-hwan rode in the car at about 0635 and is being taken to Anyang Prison.

Chon Tu-hwan's relatives tried to stop the investigators, but the prosecution mobilized three police companies to open the way. It took 10 minutes for the relatives to open the door after being persuaded by the chief of the Hapchon Police Station and the investigators from the prosecution office. Chon Tu-hwan was half asleep when he got dressed. The investigators waited for 10 minutes for Chon to get dressed. At 0620, Chon Tu-hwan met the investigators, who read him his Miranda rights and showed him the arrest warrant. At 0630, Chon Tu-hwan stepped out of the house, and was stopped by reporters for about five minutes. The investigators took him into the car and headed for Anyang Prison.

Charges Contained in Warrant

SK0312014795 Seoul YONHAP in English
0137 GMT 3 Dec 95

[FBIS Transcribed Excerpt] Seoul, Dec. 3 (YONHAP) — Former President Chon Tu-hwan was arrested at Hapchon, his hometown near Taegu, early Sunday morning on charges of masterminding a military rebellion in late 1979.

The general turned president was put under arrest at 6:34 AM Sunday [2134 GMT 2 December] at the home of one of his relatives in the Naechon village, Yulgokmyon, Hapchon County. [passage omitted]

The advance arrest warrant against Chon was issued by Judge Sin Hung-chol of the Seoul District Criminal Court around 11:23 PM Saturday as sought by the prosecution.

The charges made in the warrant comprised six counts: masterminding a military rebellion, arbitrarily moving military units, leaving without permission a commander's post in the state of martial law, killing a superior, attempting to kill superiors, and killing a guard soldier.

Specifically Chon is charged with unlawfully arresting Army Chief of Staff and Martial Law Commander Gen. Chong Sung-hwa with the intent of seizing the control of the Armed Forces.

Other charges are that he placed the area of the presidential residence under his control without permission from the president, arbitrarily mobilized airborne and other troops to occupy the capitol building, Defense Ministry and Army Headquarters, and arrested key senior mili-

tary officers including Army Vice Chief of Staff Yun Sung-min and Capital Garrison Commander Chang Tae-wan.

Reportedly Questioned 12 Hours

SK0412011695 Seoul YONHAP in English
0110 GMT 4 Dec 95

[FBIS Transcribed Text] Anyang, Kyonggi Province, Dec. 4 (YONHAP) — Former President Chon Tu-hwan, now detained in a prison here, was questioned for 12 hours until late Sunday night by prosecution investigators into his roles in the 1979 military coup and the 1980 Kwangju incident.

A four-member investigation team led by senior Prosecutor Kim Sang-hui arrived at Anyang prison at 11:40 AM and left at 11:30 PM after grilling the ex-president.

Chon was arrested earlier in the day in his hometown of Hapchon, South Kyongsang Province, and was taken to a prison in the southern outskirts of Seoul.

Investigators sidestepped reporters' questions about details of their probe into Chon, who is presently detained in a lone cell a mere 10 square meters wide.

"We cannot give any answers," the prosecutors said, "we will come again if necessary."

However, prison officials said that the prosecution's interrogation focused on Chon's role during the turbulent period of the Dec. 12 and May 18 incidents.

It was known that he gave answers similar to the written replies that he had presented to the prosecution previously.

Chon seemed very tired and miserable during his interrogation which took place in a separate room adjacent to his cell, according to the sources.

Political Parties Welcome Arrest

SK0312024295 Seoul YONHAP in English
0234 GMT 3 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP) — Ruling and opposition parties alike welcomed Sunday the arrest of former President Chon Tu-hwan as a step to rectify a mistaken part of history and called for thorough and fair investigation of him.

The ruling Democratic Liberal Party [DLP] said Chon should disclose the whole aspects of his role in the military rebellion and should be more humble and sincere toward prosecution investigation of him.

DLP spokesman Son Hak-kyu said his arrest was an unavoidable step to rectify a mistaken portion of history.

"In a sense the arrest was his own making, who in an utterly haughty manner had destroyed the constitutional order, trampled down upon democracy and did not dread the people," Son said.

The opposition National Congress for New Politics [NCNP] welcomed Chon's arrest, saying the arrest, though it came belatedly, was natural.

"However we doubt if the public prosecution, which earlier decided they have no right to indict Chon, would be able to investigate him properly," NCNP spokesman Pak Chi-won said.

He then reiterated the party's demand that a special prosecutor system be employed to investigate him thoroughly as many people wish.

Yi Kyu-taek, spokesman of the Democratic Party [DP], said that in view of the arrogance and brazen-facedness Chon and his aides showed in defying the authorities, the speedy arrest of him was proper.

"We demand that legal actions be expeditiously taken not only against Chon but also against his remnant aides involved in the December 12 rebellion and May 18 insurrection," Yi said.

Stern punishment of Chon and his clique will be the only way to rectify a crooked part of history and restore a proper statutory order and justice on the land, the DP spokesman said.

Ku Chang-im, spokesman for the United Liberal Democrats, said in a comment the arrest of a former president is an unfortunate thing in history.

"Now that Chon has been arrested, we expect he will be handled in a way that will shed light on the May 18 and other incidents," Ku said.

Dailies React to Chon's Arrest

SK0412095095

[FBIS Editorial Report] The following is a compilation of editorials and articles from 4 December ROK vernacular newspapers on the arrest of former President Chon Tu-hwan on a charge of rebellion.

The moderate CHUNGANG ILBO carries on page 4 a 800-word editorial entitled "Chon Tu-hwan's Arrest." The editorial states that although Chon's arrest was "inevitable," "people have mixed feelings over the fact that two former presidents were arrested in less than a month." The editorial urges Chon Tu-hwan to reveal all the truth of the 12 December and 18 May incidents, transcending political or earthly interests. The editorial stresses that verifying the truth of the two incidents is not a political struggle of the current regime, but a matter of correcting history. The editorial states that

Chon may take legal actions, but should not conceal or distort the truth. Deeming the sudden arrest of Chon as an "emotional reaction to Chon's public statement," the editorial also urges the government to take reasonable and legal steps in liquidating the past.

The moderate HANGUK ILBO carries on page 5 a 600-word column by editor Chang Myong-su entitled "President Kim Yong-sam's Long Silence." The column asks whether this was the only way to eradicate the past and states that the ROK people, having suffered from decades of unpredictable political turbulence, feel dizzy by the "overspeeding" eradication and wish the good objective achieved step by step. Reviewing the recent development, the column states that "the busier the prosecutors run, the stronger people feel that the prosecution is the president's prosecution." Commenting on President Kim's long silence these days, the column writes that at least the president should issue a statement calling for people's unity in overcoming the difficulties of correcting history. The column concludes that Chongwadae, presidential offices, may refuse to comment on Chon's public statement, but it should not keep silent to the people, and urges President Kim to call for the people's understanding and cooperation.

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial entitled "Successful Coup Under Arrest." The editorial states that the national consensus on punishing those responsible for the 12 December and 18 May incidents made the arrest of former presidents possible, but points out that President Kim's political calculation is also attributable. The editorial notes the significance of the arrest of Chon Tu-hwan, but stresses that this is not the end as his aides still have a considerable influence on the society. The editorial expresses concern about whether President Kim has a methodical plan for the entire process of liquidation, whether he had sufficient internal discussions, and whether he is doing everything based on his hunch. The editorial concludes that "President Kim should focus his attack on the coup members with support from all political circles," noting that "the reality is too arduous for him to liquidate the past while finding himself in the mire of political struggles."

Kim Tae-chung on President, Party Heads Meeting

SK0312073095 Seoul YONHAP in English
0717 GMT 3 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP) — Kim Tae-chung, head of the opposition National Congress for New Politics (NCNP), on Sunday afternoon proposed a meeting among President Kim Yong-sam and the heads of the four political parties to discuss current political problems.

In a large-scale outdoor rally held at the Poramae Park in southern Seoul, Kim said such a meeting is needed to find a way out of the current political confusion which he said is so serious that some catastrophe may lie ahead of the nation.

The veteran opposition leader stressed that political leaders have the obligation to do predictable politics and thereby make the people feel easy.

With regard to former President Chon Tu-hwan's arrest, Kim said the arrest is natural especially in view of the tremendous sin he committed and the unrepentance he showed.

He was quick to add, however, that investigation of Chon should be made by a reliable special prosecutor. "If President Kim is truly meant to resolve the May 18 incident, he should leave all investigation to a special prosecutor," he said.

In the first major outdoor rally since he founded the NCNP last summer, Kim also reiterated his demand that President Kim disclose the amount of political funds he received from disgraced former president No Tae-u.

"Ex-president No once said before his families that he gave 300 billion won to President Kim," Kim Tae-chung said, adding that if President Kim refuses to admit to it to the end, then public hearings should be held to find out facts.

Asserting the root of today's political problems was the merger of three parties, Kim said that President Kim, who was the second-ranking man under the No Tae-u administration, must have been aware of the bribes No received.

"We demand President Kim assume due responsibility for this and make an apology to the people," Kim said.

NCNP Reiterates Suggestion

SK0412031095 Seoul YONHAP in English
0245 GMT 4 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — The main opposition National Congress for New Politics (NCNP) Monday called again for a meeting of President Kim Yong-sam and leaders of four ruling and opposition parties to discuss the pressing political issues facing the nation.

In a staff meeting presided over by its President Kim Tae-chung, the NCNP decided to include in the agenda of the proposed meeting ways of achieving political stability, President Kim Yong-sam's campaign funds in the 1992 election, installation of a special prosecutor to probe the May 18 incident, and the government's alleged persecution of opposition parties.

To push for the five-way meeting, the NCNP will seek cooperation from the minor opposition United Liberal Democrats (ULD) for joint pressure for the proposed meeting.

Commenting on the ruling Democratic Liberal Party (DLP) dismissing the proposal that was first made in Kim Tae-chung's speech to a mass outdoor rally in Seoul Sunday, NCNP Spokesman Pak Chi-won charged that such a rejection is tantamount to forsaking a longing by the people for political stability.

Should Chongwadae [presidential offices] and the DLP continue to ignore the people's desire to settle political unrest, the nation would face a political crisis, he warned, adding that the NCNP would step up its anti-government campaign.

DP Spokesman Criticizes Proposal

SK0312092895 Seoul KBS-1 Radio Network
in Korean 0800 GMT 3 Dec 95

[FBIS Translated Text] Commenting on the proposal made on 3 December by Kim Tae-chung, president of the National Congress for New Politics, for a five-way meeting between President Kim Yong-sam and the heads of the four political parties to discuss the pending political problems, including the 18 May incident and the slush fund issues, Yi Kyu-taek, spokesman for the Democratic Party [DP], stated that Kim Tae-chung does not deserve to discuss the slush fund issue since he is directly involved in the scandal, receiving 2 billion won from No Tae-u.

Spokesman Yi Kyu-taek criticized the proposal, stating President Kim Tae-chung made the proposal prompted by the scheme to escape his difficult position that is a result of his involvement in No Tae-u's slush fund, adding that Kim intends to gloss over the political situation caused by the slush fund scandal and find a political stopgap measure.

Spokesman Yi Kyu-taek added that President Kim Tae-chung has played the role of a faithful spokesman for the masterminds of the 12 December rebellion and the 18 May massacre by such means as demanding pardons for them. Therefore, President Kim Tae-chung does not deserve to discuss the issue of the 18 May incident.

DLP Rejects Proposed Meeting

SK0412032895 Seoul YONHAP in English
0258 GMT 4 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — The ruling Democratic Liberal Party (DLP) turned down Monday the five-leader meeting that the opposition

National Congress for New Politics (NCNP) leader Kim Tae-chung had proposed Sunday at an outdoor rally.

DLP floor leader Kang Sam-chae flatly dismissed the suggestion, terming it "an attempt to put the cart before the horse" and an undertaking to make a political compromise, which he said should be guarded against in dealing with the Dec. 12 and May 18 incidents and former President No Tae-u's slush fund scandal.

Meeting press corps at party headquarters Monday morning, Kang said, "What significance does a five-leader meeting carry when a special investigation team has been set up to condemn Chon Tu-hwan's historic crimes?.. The truth will all be unearthed through an impartial investigation by prosecution authorities."

Kang virulently refuted the definition made by NCNP President Kim that the current political situation is an emergency arising from confusion and agitation, saying, "It's an instigative and deceptive act arising from an anachronistic idea that distorts the rushing currents of history characterized by change and reform."

"They should know that it is the NCNP and President Kim (Tae-chung) himself that plunge the political situation into confusion," he added.

Kim has aggravated national confusion by engaging in instigative politics outside the National Assembly, Kang charged while asserting, "President Kim (Tae-chung) should put an end to old-fashioned politics such as making offensives against the ruling party and accumulating justifications in the disguise of measures for resolving political situations."

Kang urged the NCNP and its president to "humbly accept President Kim Yong-sam's will to found the Republic again in which law, justice and truth prevail."

ULD Spurns Proposed Meeting

*SK0412065195 Seoul YONHAP in English
0626 GMT 4 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — Citing the grounds of "immature" conditions and atmosphere, the splinter opposition United Liberal Democrats (ULD) spurned Monday a five-leader meeting that was proposed Sunday in an outdoor rally by Kim Tae-chung, president of the major opposition National Congress for New Politics (NCNP).

Key party post holders, at a meeting held at ULD headquarters presided over by Senior Vice-president Kim Pok-tong, shared the view that "the timing is inappropriate for the proposed five-leader meeting to be realized and succeed," party spokesman Ku Chang-nim said.

At the meeting, according to Ku, it was pointed out that the proposed summit itself is uncertain to be held as the NCNP, the initiator of the proposal, is not only a party to the current political situation featured by confrontation and conflicts, but also is lacking alternatives. Some also pointed out that the format in which the proposal was made, that is, in an outdoor rally, was problematic, Ku said.

Reacting to the NCNP suggestion that a gathering between the presidents of the two opposition parties — the NCNP and ULD — be promoted, ULD leaders concurred that the proposal is also premature, reasoning that confrontation between President Kim Yong-sam and Kim Tae-chung, touched off by the latter's return to politics earlier this year, is largely responsible for the current political turmoil.

In regard to the issue of forming a common opposition front, however, the key post holders' meeting decided that though the ULD favors in principle such a step for pushing for the adoption of the special prosecutor system with regard to probes into the 1980 Kwangju uprising and unearthing campaign funds used for the 1992 presidential election, the party should deal with the issue prudently and closely watch future political developments, according to the spokesman.

Kim Tae-chung: Political Situation 'Chaotic'

*SK0412042095 Seoul TONG-A ILBO in Korean
4 Dec 95 p 4*

[Report by Choe Yong-muk]

[FBIS Translated Text] Kim Tae-chung, president of the National Congress for New Politics, defines the current political situation as "chaotic." He appears to believe that behind the confusion is President Kim Yong-sam's "nail down Kim Tae-chung" plot.

Kim Tae-chung said that President Kim Yong-sam managed to lead the state administration in the first half of his term, but has changed since the 27 June local election defeat. Kim Tae-chung believes that President Kim Yong-sam has changed because he sensed a crisis, and felt clannish competition and the obsession of victory against Kim Tae-chung since the latter led the 27 June election and returned to politics.

Kim Tae-chung assesses that following former President No Tae-u's secret fund scandal, President Kim Yong-sam had to open an emergency door through the enactment of the 18 May special law to avoid the disclosure of his 1992 presidential election funds, causing today's chaos in the hasty process of the enactment.

President Kim Yong-sam defined his series of decisions as a result of "dialogue with history," but Kim Tae-chung regards them as "products of political schemes" and "a result of emotional reactions." At the 3 December party rally held at the Poramae Park, Kim Tae-chung asserted: "President Kim's politics based on his selfishness is totally responsible for today's unrest." His aides explained that the remarks are not political offensives but Kim Tae-chung's true feelings.

Even though Kim Tae-chung refrains from making prediction on how President Kim will lead the political situation, he firmly believes that he will be the next target of President Kim's sword. At the Poramae rally, Kim Tae-chung said: "I am prepared for anything." A core aide of Kim Tae-chung said: "Audit and inspection on political circles will follow the judicial settlement of two former Presidents Chon Tu-hwan and No Tae-u. That will be the sign."

This is why Kim Tae-chung is preparing hard-line countermeasures. Kim Tae-chung appears to have decided that he cannot just wait to be attacked. Kim Tae-chung believes that President Kim is stronger with the weak.

However, it seems that Kim Tae-chung will not play hardball with President Kim first. He has dealt with President Kim with defensive offenses. This is believed to be the reason why Kim Tae-chung has taken a step back from his demand for a private meeting with President Kim to a meeting among five leaders of four parties.

Policemen Act as Sentries at Choe Kyu-ha's Home

SK0412030895 Seoul YONHAP in English
0204 GMT 4 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — The arrest Sunday morning of former President Chon Tu-hwan as part of the prosecution's stepped-up probe into the Army coup in December 1979 and a bloody crackdown of the pro-democracy movement in Kwangju the following May has now turned public attention to another former head of state who apparently holds the key to many questions about these two tragic incidents of modern Korean political history.

He is Choe Kyu-ha.

The prosecution plans to question him about these incidents in one way or another shortly.

But Choe has been staying cooped up at his home in a residential district of western Seoul since Nov. 24, when the government announced a plan to legislate a special law to punish the masterminds of the Army mutiny and the Kwangju massacre.

He does not receive any visitors, except for his wife, second son, daughter, and her husband. Some 40 policemen are keeping sentry around his home, a privilege accorded to him as a former head of state.

Both Choe and his wife are suffering from high blood pressure and diabetes, and before the No Tae-u slush fund scandal erupted, they had visited both Seoul National University hospital and a herbal doctor's office alternately for treatment. After the scandal broke out, they are having their physicians make housecalls.

In addition, Choe is suffering from neuralgia, especially having trouble with his knee joint. Having been unable to walk for some time last year, his condition has much improved since then.

Because of his advanced age, he now has a weak memory and cannot recall much of his experiences concerning "those days" that prosecutors are seeking to question him about, according to those close to him.

But Choe Hung-son, the ex-president's secretary for eight years, said that Choe's memory has gotten much better.

"The old man does not remember all the things Mr. Chon told him at a meeting held on May 17, 1980, to decide to expand martial law across the country, but after watching television reports and dramas about those two incidents, he looks to be recalling those days," he explained.

As for the arrests of Chon and No, "the old man holds a view that a former president can be punished as a private citizen, but that a presidency's authority must be respected," Secretary Choe said.

"I haven't heard him commenting on political developments since the eruption of the No scandal, and I can't fathom his mind because he rarely opens his mouth about recent political developments," he added, "I think he will not comply with the prosecution's summons."

Ex-Defense Minister Summoned for Questioning

SK0412070495 Seoul YONHAP in English
0641 GMT 4 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — The prosecution summoned Monday former Defense Minister No Chae-hyon and retired Brig. Gen. Cho Hong, former military police chief of the Army capital garrison command, for questioning on their roles in the 1979 military coup.

Cho and No reported to the special investigation headquarters, headed by third deputy Seoul District Public Prosecutor Yi Chong-chan, at around 9:30 AM and 3 P.M., respectively.

Cho was asked about the circumstances of his having invited then capital Security Commander Chang Tae-wan, then Army Special Warfare Forces Commander Chong Pyong-chu and then Army Provost Marshal Kim Chin-ki to a party at a restaurant in Yonhui-tong, western Seoul, on the evening of Dec. 12, 1979.

No, who was defense minister at the time, was questioned about his belated approval of the arrest of then Army Chief of Staff and Martial Law Commander Chong Sung-hwa by the joint investigation headquarters that was probing the assassination of President Pak Chong-hui under then Defense Security Commander Chon Tu-hwan's leadership.

The prosecution needed such inquiries because former President Chon Tu-hwan, who was jailed Sunday morning, strongly denied having played a role in the rebellion during questioning in his prison cell, an official said.

Chon reportedly told his interrogating prosecutor that the circumstances surrounding Pak's assassination prompted him to feel the need to arrest Chong and that he obtained then President Choe Kyu-ha's ex post facto permission to arrest Chong because of the defense minister's delayed approval.

The prosecution will also summon the retired Army officers who supported Chon in the mutiny, including former Assistant Defense Minister for Logistics Yu Hak-song, for questioning on their roles in the revolt.

But there may be difficulties in summoning them as the statute of limitations for those involved in the coup has already run out, except that for former Presidents Chon and No Tae-u.

Prosecution Probes Ex-President's 'Slush Funds'

*SK0512012495 Seoul YONHAP in English
0115 GMT 5 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — Following the arrest Sunday of former President Chon Tu-hwan on charges of having masterminded the military revolt in December 1979, the prosecution now is looking into the illegal fortunes he allegedly amassed while in office during 1980-1988.

An official said "the irregularities" that the ex-head of state is suspected of having committed during his presidency are under investigation with the results to be made known toward the end of the month.

"Then you will come to know why Mr. Chon's home has been thronged with many people, unlike Mr. No Tae-u's home," he remarked, suggesting that the probe is extending to illicit fortunes reportedly accumulated

not only by Chon but also his cronies during the Fifth Republic.

The inquiry also focuses on the amount of slush funds Chon collected from businesses during his tenure, how he disposed of the fortunes he seized from "illicit fortune makers" in 1980, whether he collected commissions in connection with the Yulgok arms purchase contracts and how much of the money he illegally raised while in office he still holds.

The one-time army general is also suspected of having stashed away part of his slush funds in bank accounts opened under others' or false names since the implementation in 1993 of the real-name financial transactions system, the official said.

If Chon is found to have collected bribes from business tycoons during his presidency, he will be charged with graft. Those indictments would be followed with insurrection and military mutiny charges if the proposed special law concerning the 1979 coup d'etat and the 1980 bloody crackdown of Kwangju citizens' pro-democracy uprising is enacted and put into effect.

Summons Former Defense Officials

*SK0512030195 Seoul YONHAP in English
0252 GMT 5 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — The prosecution summoned former Assistant Defense Minister for Logistics Yu Hak-song Tuesday morning to question him about the circumstances of the crucial "Kyongbok Palace meeting" for the army revolt led by then Defense Security Chief Maj. Gen. Chon Tu-hwan on Dec. 12, 1979.

An official said the interrogation of Kyongbok Palace meeting participants would continue for some time to come, adding that questioning would focus on the motive behind the arrest of then Army Chief of Staff and martial law commander Gen. Chong Sung-hwa by Chon's rebel troops on the evening of the intra-army coup d'etat.

Yu will be grilled as to why and how Chon and his followers plotted the mutiny, why he attended the meeting and how Chon mobilized his rebel troops.

Prosecutors also summoned Song Hwan-ok, who served as planning officer of the Army Provost Marshal's Office before and during the coup.

Song is suspected of having cooperated, under Chon's order, with Choe Sok-ip, chief of the 33rd Military Police Group of the Capital Garrison Command (CGC) at the time, in moving one company of Choe's troops

to the Army Chief of Staff's residence to arrest the top army general after a brief gunfight with his bodyguards.

Meanwhile, the prosecution sent home Tuesday former Defense Minister No Chae-hyon and Brig. Gen. Cho Hong, Ret. after questioning them about their roles in the rebellion.

Serving as military police chief of the CGC at the time, Cho reportedly told his interrogator that he had received an order to dine with then CDC [expansion not given] Commander Maj. General Chang Tae-wan and others at a restaurant in Yonhui-tong that evening but denied any knowledge about the Dec. 12 coup plot.

Cho was questioned as to whether Chon had ordered him to invite Chang and other key loyal army generals to a dinner at the same time when the Army Chief of Staff was arrested and hauled away by Chon's rebel troops.

Indicts No for Accepting Bribes

SK0512063295 Seoul YONHAP in English
0626 GMT 5 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — The prosecution Tuesday afternoon indicted former President No Tae-u for accepting bribes amounting to 283,896 million won (370 million U.S. dollars), mostly from large businesses, while in office.

Senior Prosecutor An Kang-min of the Supreme Public Prosecutor's Office announced No's indictment at a press conference he gave to make an interim report of the prosecution's probe into the slush fund scandal involving the ex-president.

With No being formally charged, the scandal will now be handed over to the court.

The prosecution indicted without physical detention seven business leaders, including Samsung Group Chairman Yi Kon-hui, on charges that they handed such kickbacks to the former chief executive.

Six other tycoons are Daewoo's Kim U-chung, Dong-Ah's Choe Won-so, Jinro's Chang Chin-ho, Daerim's Yi Chun-yong, Dongbu's Kim Chun-ki and Daeho's Yi Kon.

However, four conglomerate chiefs who gave No bribes before November 1990 could not be charged because the statutory limitation of public action has run out. They were Kim Yong-san of Kukdong, Yi Tong-chan of Kolon, Pak Kon-pae of Haitai and So Sung-hwan of Pacific.

In addition, 20 other chaebol tycoons, including Honorary Chairman Chong Chu-yong of Hyundai, Chairman Ku Cha-kyong of LG, and Chairman Cho Chung-hun

of Hanjin, were not indicted because of the insignificant nature of the favors they received in return for the money they handed to No as well as the possible adverse effects of their indictment on business activities of their groups.

Chairman Cho Ki-hyon of Chongwoo Construction Co. also did not face arraignment as he had already been punished for bribing No for his firm's participation in an Army school relocation project.

Among the ex-president's close associates, his former chief bodyguard Yi Hyon-u was already apprehended and Rep. Kum Chin-ho, No's brother-in-law, and former Reps. Yi Won-cho and Kim Chong-in were indicted without arrest on charges of helping No take bribes from business leaders.

On charges of violating the emergency presidential decree implementing the real-name financial transactions system, chairman Yi Kyong-hun of Daewoo Corporation was indicted without arrest. Summary indictments were also filed against three bank employees including former Sinhan Bank Branch Manager Yi U-kun, who is charged with helping No shift part of his slush fund from false-name accounts to borrowed-name ones.

As for the uses of the illegal funds, the interim report said No had handed out a total of 140 billion won (182 million U.S. dollars) to candidates during the 13th and 14th parliamentary elections held during his presidency, 70 billion for each election.

But there was no mention of No's alleged contributions to President Kim Yong-sam's campaign funds in the 1992 election, something which opposition parties are anxious to bring to light.

No invested 38,294 million won in real estate and loaned 96.9 billion won to the Daewoo and Hanbo Groups, while holding 190.9 billion won in securities and other investment.

Although No admitted in a public statement last month that he raised a total of 500 billion won in "governing funds" while in office, he told prosecutors that his slush funds totaled 450-460 billion won, according to the report.

Of that amount, the prosecution announced that 418.9 billion won of it had been confirmed through the examination of bank accounts related to No, with the probe continuing to explain the difference of about 80-90 billion won.

On allegations that part of No's bribes were funneled into Swiss banks, the prosecution said that Swiss authorities have asked for additional information on

No's alleged secret bank accounts, including the names of banks, account numbers and the bands used to wrap notes No's daughter So-yong illegally brought into the United States in 1990.

Accordingly, it has been requested by Seoul prosecutors that the U.S. federal prosecution hand over records on its investigation into its case of No's daughter illegally bringing nearly 200,000 U.S. dollars into America in February 1990.

The Swiss authorities have promised to actively cooperate in shedding light on charges that No has secret accounts in Swiss banks, according to the report.

The investigation confirmed that No's chief bodyguard Yi Hyon-u and Chongwadae [presidential offices] accountant manager Yi Tae-chin accompanied their president on his unofficial visit to Switzerland from Nov. 24-27, 1989, when No was on an state tour of European countries.

On his way back home, No stopped over in Seattle to see So-yong and her husband, the prosecution said, adding that the then president stayed in the city for a couple of days from Dec. 2, 1990.

It has been alleged that No withdrew 200,000 dollars from his or his daughter's secret Swiss accounts and delivered it to So-young in Seattle.

For their involvement with the slush fund case, No and two others were formally charged and physically detained while 12 others, including businessmen who offered bribes to No, were indicted without arrest, according to the prosecution.

Three bank employees who have been accused of helping No stash his funds were all put on a summary trial.

The prosecution also said that it took proper legal procedures to confiscate all of No's assets in accordance with a special law that calls for confiscating the holdings of government officials involved in crimes.

"The prosecution first indicted No and those involved in the No case because it needs time to trace No's slush funds and No continues to reveal the whole truth on the case," said prosecutor An. "We will continue to investigate the exact scale of the slush funds, how it was raised and used, the existence of No's secret bank accounts in Swiss banks, the Korea fighters program and other cases suspected of being involved in No's slush funds."

Opposition Criticizes Prosecution Investigation

SK0512074495 Seoul YONHAP in English
0733 GMT 5 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — Opposition parties criticized the prosecution's announcement of its investigation into former president No Tae-u's slush fund, demanding that the ruling Democratic Liberal Party (DLP) disclose its campaign expenses in the 1992 presidential election.

The main opposition National Congress for New Politics (NCNP) said, "It is a politically distorted investigation... In order to uncover the truth, the prosecution should immediately arrest Yi Won-cho and Rep. Kum Chin-ho and bare the amount of the 1992 presidential election campaign funds for then-DLP candidate Kim Yong-sam."

"It is a matter of common knowledge that President Kim Yong-sam used more than 1 trillion won for his presidential election campaign," NCNP spokesman Pak Chi-won said. "Since the prosecution could not prove that NCNP President Kim Tae-chung received more than 2 billion won from No, it neglected on purpose an investigation into President Kim's election campaign funds."

The minor opposition Democratic Party (DP) also blasted the probe, with its spokesman Rep. Yi Kyu-taek saying, "The prosecution did not announce details of where No used his slush fund because of its intent to use the details for evil purposes."

"The government should introduce a special prosecutor system in the investigation into No's slush funds to verify how much the total amount of No's slush fund is, where No used it, and how much of the slush fund flew into political circles at the time of the 1992 presidential election," Yi said.

Another opposition United Liberal Democrats (ULD) said that since the figures of the ruling camp's 1992 campaign funds went unannounced, the people's suspicion has further deepened. The party urged the DLP to publicly reveal the amount of the funds itself.

DLP on Lessons Learned From No Tae-u Probe

SK0512092195 Seoul YONHAP in English
0842 GMT 5 Dec 95

["No Indictment Is Historic Lesson: DLP Comment" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — Referring to former president No Tae-u's indictment Tuesday as a historical lesson, the ruling Democratic

Liberal Party (DLP) said that there is no sanctuary and exception in cleansing irregularities, though such a shameful thing should not be repeated in the country's constitutional history.

In a comment issued following the prosecution's announcement of No's indictment Tuesday afternoon, DLP spokesman Son Hak-kyu said, "Our party hoped that the nation's suspicions would be solved through the prosecution's probe into No, but it is very regrettable that the entire truth was not clearly uncovered due to No's non-cooperation (in the probe)."

In order to clear national doubts on the 80-90 billion won that is still unaccounted for and on alleged funds funneled into the political circle, the prosecution should continue its thorough investigations, Son emphasized.

He added that conglomerates involved in the scandal should play a locomotive role for achieving the country's aim to be an advanced economy. Such business groups should also sever collusive ties with politicians, taking into consideration the prosecution's apparent leniency towards them.

No Probe Causes 'Uneasy' Political Situation

SK0512115395 Seoul CHUNGANG ILBO in Korean
5 Dec 95 p 3

[Editorial: "We Ponder the Uneasy Situation"]

[FBIS Translated Text] All of us — those who support or oppose the government, ordinary people, the middle and upper classes, and large, medium or small corporations — feel uneasy about the political situation.

It is true that many people support and sympathize with the government's efforts to create a new history by liquidating the legacies of the past. However, even foreign media talk about a "stormy political upheaval in the ROK," and "an inevitable grand upheaval," and even the "possibility of an overall disintegration of the political structure."

Even without reading or watching foreign news media, we can easily see that our people are surprised by recent measures, even though they acknowledge that those measures are appropriate and necessary. We cannot say that the current political situation and atmosphere in society are normal; we cannot but express our worry about various serious adverse effects. We must ponder over what has brought about this political situation and atmosphere in society and how we can return to normal.

We believe that today's situation is uneasy largely because the government's measures have been abrupt and not transparent. A series of measures have been taken since the slush fund scandal involving No Tae-

u was uncovered. However, they have been taken without sufficient consultations or studies and without explanations being given to the people.

What has further confused the people is the fact that the government's plans to take those important measures and its intent behind those plans has not been sufficiently explained, and it is difficult to predict what measures will follow. Why? For what purposes? And what comes next? These are questions anyone may have. No one has any answer or clue to those questions. This is why people feel all the more uneasy.

The excessive confrontation between the ruling and opposition parties is another important source of uneasiness. An innate mission of the political sector is to absorb and weaken shocks and uneasiness among the people. But rather than doing that in this case, the political sector is amplifying and strengthening people's uneasiness. Politicians are not talking to each other, but instead are making extreme remarks. Such confrontationalism makes people uneasy.

It will be extremely difficult to liquidate the past of the Fifth and Sixth Republics, which lasted for 13 years. In fact, it will be impossible to do so without paying a certain price.

In liquidating the issue, a certain degree of shock, confusion, and unrest will be unavoidable. Nevertheless, we should push ahead with liquidating the past, while minimizing the price. This is precisely the duty of the government and the political sector.

Therefore, we believe that the predictability of future politics should be enhanced with a view to settling the pending issues without further causing unnecessary unrest among the people.

In other words, the government should stop the practice of announcing necessary measures out of the blue. Instead, the government should review and consult concerning such a measure among government agencies prior to the announcement, and once it makes a final decision it should explain the measure in detail to the people, along with efforts to appeal to the people for support.

These days, the government tends to be silent. We want the government to have more frequent dialogue with the people. At the same time, we want our politics to have common sense and propriety.

However good a measure may be, its effectiveness will be sharply reduced if it is pushed ahead in a way unacceptable to the people.

Mr. Chon Tu-hwan's arrest has won support from a majority of the people. However, they still take a skeptical view of the blitzkrieg arrest of Mr. Chon.

In addition, we want our politicians to be moderate and elegant in the language and expressions they use. We would like to stress this, especially to the political circles. For instance, we often hear the phrase "death-defying resistance" from the political sector. And, when a party proposed a meeting among the parties, another party said, "Are you entitled to propose such a meeting?" Such extreme expressions will only create unrest among the people.

If politicians have the slightest sense of responsibility and awareness as public figures, they will exercise moderation and have dignity.

We want the government and the political sector to take a breath and keenly watch the current political situation and the atmosphere in society. And we also urge them to carry out reliable politics, which is what our people want.

President Refuses DLP Chairman's Resignation

SK0512104595 Seoul YONHAP in English
1027 GMT 5 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — Ruling Democratic Liberal Party (DLP) Chairman Kim Yun-hwan tendered his resignation as party chairman Tuesday, but President Kim Yong-sam, who also heads of the ruling party, turned it down.

Kim Yun-hwan said after attending a weekly Chongwadae [presidential offices] meeting with President Kim that he took the occasion to offer to resign but President Kim urged him to stay on.

Chongwadae Senior Secretary for Political Affairs Yi Won-chong said that Chairman Kim tendered his resignation but President Kim refused to accept it.

"The president asked the chairman to be with him in straightening up history without being bound by trivial interests and connection," Yi said.

President Kim believes that Chairman Kim well understood his urging, the Chongwadae secretary added.

Kim Yun-hwan Agrees To Remain

SK0512112095 Seoul YONHAP in English
1103 GMT 5 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — Kim Yun-hwan, chairman of the ruling Democratic Liberal Party, said Tuesday afternoon he would respect President Kim Yong-sam's refusal to accept his resignation and would return to party business.

Kim made the remarks in an unsolicited press conference held after he presided over a key party functionaries meeting following his talks with President Kim at Chongwadae [presidential offices].

During the Chongwadae talks, the chairman tendered [his] resignation but the president refused to accept it.

"President Kim suggested that the ruling party would stage the upcoming general elections with the chairman playing a central role," Chairman Kim said.

He thus revealed that President Kim, concurrent head of the ruling party, is intent on carrying out the April general elections under the Kim Yun-hwan system without reshuffling the party leadership.

"President Kim also said there will be no cutoff of those who took part in the Chon Tu-hwan or No Tae-u administration," Kim said.

Computer Software Investment Analyzed

SK0412045295 Seoul THE KOREA TIMES in English
4 Dec 95 p 8

[Report by staff reporter Chae Hui-muk]

[FBIS Transcribed Text] Investment in the computer software industry grew at an annual average 49.5 percent over the 1988-1994 period hitting 152.4 billion won in 1994, higher than the 47.4 percent increase seen in the 549.7 billion won production figure the same year.

But growth both in investment and output in the software sector slowed 19.2 percent and 8.2 percent in 1994 over the previous year, respectively.

The ratio of production to investment also decreased from 3.97 in 1993 to 3.61 last year.

An official of the Korea Information/Communication Promotion Association, however, said that the industry will continue to rapidly grow due to development of the telecommunications industry.

The software industry largely comprises system software, software for development and application software. Application software saw the largest growth in investment with 64 percent a year on average during the six year period, followed by system software with 51.5 percent. The investment in software for development marked the lowest growth of 13.9 percent.

He said that the investment growth in application software was due to widespread information-oriented thinking and the growing number of computers.

Despite the overall growth in investment, as many as 60.9 percent of software producers invested less than 100 million won on average last year, an indication of

the small scale of the nation's software industry. One hundred and thirty-six companies invested 10 million won to 50 million won. Ninety-four firms invested 100-300 million won and 80 firms spent from 50 million won to 100 million won.

The trade deficits in the software industry widened to 39.6 billion won in 1993 and 18.7 billion won last year from 13.8 billion won in 1992 and 11.5 billion-won in 1991.

In particular, imports of software grew 24.8 percent a year on average in the six year period, hitting 31.9 billion won last year, while exports grew at a slower pace of 13.6 percent, hitting 13.2 billion won.

The official said that the deficits are expected to snowball in accordance with the development of the computer industry. The software industry recorded a 47.4 percent growth in output over the six years to 549.7 billion won last year with an average output of 1,080 million won a firm.

System software took a 52.7 percent share of the total output with 120.5 billion won, followed by application

software with 49.3 percent or 352.2 billion won and software for development with 35.5 percent or 77 billion won.

Technological manpower has emerged as an important factor in industry growth with the further rapid diversification of the software technology, the official said.

As many as 35.9 percent or 3,369 employees have only been in the industry one to three years, followed by those with 4-6 years' careers with 28.6 percent. Only 18.4 percent or 1,724 in the software industry have careers of seven years or more. But their technical level is well developed. Those with bachelor's degrees or higher accounted for 69.2 percent. Junior college graduates occupied 16.6 percent, while those with high school diplomas equal 14.2 percent. Software experts took 58.8 percent and hardware experts 16.8 percent.

Both educational institutions and the software industry need to make efforts to produce quality manpower to keep up with the speedy development of the software industry, he said.

Burma**Aung San Suu Kyi Explains NLD's Stance**

*BK0412120995 London BBC in Burmese
to Burma 1345 GMT 2 Dec 95*

[Dispatch from Marcia Phu of BBC Burmese Service in Rangoon]

[FBIS Translated Excerpt] Talks are held every weekend in front of Daw Aung San Suu Kyi's residence, but there were more people at today's talks. The well-disciplined crowd, estimated to be between 3,000 and 4,000, listened to Aung San Suu Kyi speak despite the numerous barricades. There was a warm and friendly rapport between the public and Aung San Suu Kyi. Aung San Suu Kyi took 40 minutes to reply to questions from the public and later explained why the National League for Democracy [NLD] had decided not to attend the National Convention. After the talks, the crowd remained seated for five minutes before dispersing quietly. Aung San Suu Kyi started with a question from the public about health issues.

[Begin Aung San Suu Kyi recording] [Passage omitted on Aung San Suu Kyi replying to letters on health service under democracy, national social and economic development, and responsibility to criticize] I would like to address the NLD's stance on the National Convention, which is already well known to the public [applause]. I think you have come to hear about this matter [crowd responds "yes"]. Please let me explain.

We held a news conference on the 22d [November] and read a statement. The gist of the statement said the current National Convention is neither in accordance of Notification No. 1/90 issued by the authorities nor its original intention. Moreover, we stated that we did not believe the current National Convention could bring about national reconciliation, the emergence of a multiparty democracy system, or a state constitution acceptable to, and respected by, the entire people [applause]. This is just the gist of the statement, our statement was more elaborate.

We said in our statement that dialogue would be necessary if we were to achieve national reconciliation, emergence of a multiparty democracy system, and a state constitution acceptable to and respected by the people. We issued the statement on 22 November and the National Convention reopened on 28 [November]. Another statement to this effect, but in more detail, was submitted by the NLD to the National Convention authorities. Our chairman, U Aung Shwe, sent another letter to the authorities informing them that the NLD would attend the convention and would be listening to the response from the National Convention authorities

to our statement. The 28th of November came and the NLD dutifully attended and listened to the speech at the National Convention. There was absolutely no reference or reply to the points we raised. Despite this being a convention where you can discuss and consult freely, there was absolutely no response. [applause]

We have to explain why the NLD decided to attend the National Convention in the beginning. In connection with this we need to explain why the NLD decided to contest in the elections. We founded the NLD with the objective of achieving democracy and an administrative system desired by the people. We did not establish the league to obtain government power or to contest the elections. Even in those days we were asked whether the NLD intended to contest the elections. I never said I would not contest the elections. They said the path of democracy has to be obtained through elections. I only said that I would contest if needed. I understand that in politics one should not speak excessively. I did not say: I forgot. I did not say I would not. [applause]

After General U Tin U and I were detained, the NLD had no choice but to contest the elections according to democratic principles. Our organization decided to contest the elections not to obtain position and power, but to bring about emergence of a system of government, which is in accordance with the people's will [applause]. I was then put under house arrest. The NLD nominated me as a candidate from Bahan constituency. I was not part of the decision making process. However, ours is a democratic organization. A democratic organization has to accept the decision of the majority. So, I accepted the nomination willingly. If the league wanted me to contest the elections, I would contest the election. However, I was rejected by the [Elections] Commission [laughter]. One need not contest the election to be close to the people; I can stay close to the people without contesting the elections. [applause]

[Words indistinct] We then understood that a new democratic government would be elected through the election. However, after the elections they [State Law and Order Restoration Council] said the representatives were elected to draft a state constitution. A provision to this effect was stated in Section 20, I think, of the Notification No. 1/90. I am not sure of the number of the section. I think it is No. 20. So, the NLD had to make a decision. The NLD decided to attend the National Convention because it believed it had the responsibility to ensure emergence of a constitution, which guarantees democracy. That was why we attended the convention.

There were many instances in which the convention procedures and the selection process of convention delegates were not in accordance with the NLD's

wishes. Accordingly, we made submissions on our objections, and these were totally ignored.

Eventually we asked ourselves whether what we are doing is in accordance with the promises we made to the people and whether the National Convention can fulfill the people's wishes. We took the action we should have taken after considering these matters. If the National Convention continues in its current form, it would not be able to fulfill the people's wishes. That was why the NLD sent a letter informing them of its departure from the convention until a dialogue is held. [applause]

The SLORC's response came in such a way to imply that the NLD had been cooperative previously but had changed its tune following my release. Moreover, we were accused of creating problems because we did not get what we wanted. We did not object because we did not get what we wanted. We objected because we were concerned that the people may not get what they wanted. [applause]

Why? What kind of meaning does this National Convention have if we cannot deliver what the people want? It will not have any meaning. [applause]

Another point is the implication that the NLD changed its policy following my release. The NLD delegates submitted a letter on 30 November in response to this letter. The letter said that the NLD had said in the (?ninth) month of 1993 that it would be very difficult for the NLD to continue attending the convention if it continues in the current manner. This has not just happened now.

Our league has been very patient and has hoped for the possibility of change for a long time. [applause] That was why we waited until the convention resumed.

A statement was issued [by the SLORC] on the evening of 30 November stating that, in accordance with convention regulations, NLD delegates who failed to attend the convention for two days had been expelled. What I want to say is that, according to my understanding and according to National Convention regulations, delegates can be expelled for failure to attend for two days without sufficient reason. We have written a letter stating our reasons. [applause] We left stating our reason; however, we accepted the fact that we might be expelled. We had decided from the time of the inception of our league to work with honesty and to sacrifice for the emergence of an administrative and political system that the people desire. We will continue to act in accordance with this decision. We do not have any inclination to antagonize any party.

Some claimed that we are engaging in politics by calling the people to come out in the streets. We will not engage

in that type of politics. We will never resort to the method of putting people in front as a shield. [cheers applause from crowd] We will receive the blows if we must. Our league will take the blows. [applause]

So please understand completely that it is not our people who are urging the people to go out to the streets. [cheers and applause] Are you not staying within the barbed wire barricades because you do not want to be in the middle of the streets? Remain calm. Please let me make a pledge. We will continue to work in accordance with the objective for which our league was founded. We will work for the interests of the people. We are aware that this could be detrimental to us, and we are also aware that there could be more difficulties for us. A pledge made to the people, however, should not be broken; we will not break our pledge. We will continue to work in accordance with our pledge. [applause] We do not use methods detrimental to the public. We will endure the blows if we must. Our league was formed for this purpose.

As we have publicly declared in the newspapers, do not come to the NLD if you want position and money. Only join if you are willing to sacrifice for the people. [applause]

We have a conviction; that is, you can never be a loser for doing what is right. You win even if you lose, and you win if you win. [cheers] To suffer for truth is a (?good truth). Ability to suffer for truth is victory. Whether viewed as winner or loser, we are certainly successful. [applause]

May I remind the public on the need to endure? This is very important. We have repeatedly said that the league cannot work alone. We will stay in the front and sacrifice. However, we need to be supported at our backs by the people's goodwill, trust, and endurance. On the part of the people, they must have the will in accordance with the maxim: Where there's a will, there's a way. Please think of the way in which you can contribute toward achieving democracy. Every person has intelligence. I have faith in the people, and I believe they will be guided by their intelligence to help one another.

There are two ways to help. One can help by doing what needs to be done, or by not doing what should not be done. So, please think. If you cannot act because circumstances do not allow it, please do not do what should not be done. [applause]

We have no intention or reason to criticize or condemn any organization. It is not necessary. The people know best about these matters. You know more than us. I do not have the inclination to mention these matters. I will

have to think a lot to criticize a person regarding how to go about [words indistinct]. What we are thinking about is how we are to serve the people and what we must do to achieve democracy. [applause] We should only think positively, and we will continue to think positively. I would like to urge the general public to think positively and to uphold a strong spirit. We are together through weal and woe. It is sometimes hot and sometimes cold. That is a law of nature. We will persevere toward our goal with diligence, while remaining aware of the law of nature. Diligence is the key.

There are three elements — karma, intelligence, and diligence. Some think karma is a past deed. This is not true. Karma refers to one's deeds. So we have karma, an act; intelligence; and diligence—zeal and determination. We are certain to achieve success if we continue our work using these elements. [applause and cheers] [end recording]

Army Reportedly Shells Karenni Outpost 30 Nov

BK0312090695 Bangkok THE SUNDAY POST in English 3 Dec 95 p 3

[Unattributed report]

[FBIS Transcribed Text] Mae Hong Son — Burmese gunners have shelled a rebel outpost belonging to the Karenni National Progressive Party [KNPP] about 12 km from the Thai border in this northernmost province.

A source close to the KNPP said more than 50 81 mm mortar shells were fired into the Sher Ter outpost in Kayah State for about one hour last Thursday [30 November].

The shelling did not cause any casualties, said the source, adding it was a "farewell" gesture to the Karenni rebels from a Burmese contingent about to pull back from the frontline after successful ceasefire talks last month between the KNPP and the State Law and Order Restoration Council [SLORC].

The SLORC, said the source, agreed to withdraw its troops from Karenni territory in Kayah State.

The meeting, to discuss the ceasefire held between Nov 15-25, was attended by five representatives from the KNPP led by Public Relations Minister U Lay and the SLORC's Col Kyaw Win.

According to the source, the SLORC agreed to gradually withdraw over 10,000 of its troops from Kayah State.

SLORC troops in June violated the ceasefire agreement signed between the two sides in Loikaw, Shan State on March 21, when they sent 18 battalions into Karenni territory.

Bo Mya Comments on NLD's Convention Boycott

BK0212112495 London BBC in Burmese to Burma 1345 GMT 1 Dec 95

[FBIS Translated Text] Dear Listeners: The following is General Mya's response when the BBC asked him during a telephone interview about the Karen National Union's [KNU] view concerning the National League for Democracy's [NLD] decision not to attend the National Convention:

[Begin recording] [KNU leader Bo Mya] We, the KNU, accept Daw Aung San Suu Kyi's demand for democracy. The demand for democracy is for the benefit of everyone. That is why we, too, accept democracy and support the continued struggle of the democratic forces.

[Correspondent Tin Htar Shwe] Yes, Gen. Mya. At present, the NLD cannot represent itself at the National Convention. It has been expelled. What is your view on possible action that could be taken in the future?

[Bo Mya] The SLORC [State Law and Order Restoration Council] should hold the National Convention for the benefit of the whole nation, but the present convention is being held to benefit the military dictatorship. We believe this convention cannot bring benefit to the whole nation. That is why we believe it would be better if the SLORC halts this convention and starts a new convention that is accepted by the whole country. If the SLORC holds a new convention its integrity will not be affected; actually, it will improve. Everybody in Burma is demanding genuine democratic rights. We believe that democracy will benefit mankind inside and outside Burma.

[Shwe] Yes. Gen. Mya, is there any possibility of holding cease-fire negotiations with the SLORC?

[Bo Mya] We are ready to hold talks if the SLORC reintroduces genuine democracy and works for a true internal peace. I think everybody wants internal peace. I think the SLORC also wants it. We do not reject any efforts to achieve internal peace. We can meet the SLORC at any time. We want to talk and we believe it is necessary to hold talks. [end recording]

That was a telephone interview with KNU leader Gen. Saw Bo Mya by BBC correspondent Tin Htar Shwe.

Bo Mya Views Cease-Fire Talks, Political Scene

*BK0312103395 Oslo Democratic Voice of Burma
in Burmese 1430 GMT 2 Dec 95*

[Interview with General Saw Bo Mya, leader of the Karen National Union (KNU), by an unidentified correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] We have learned about the cease-fire talks between the KNU and SLORC [State Law and Order Restoration Council]. General Mya, could you explain a little bit about these talks?

[Bo Mya] The civil war has been going for years. We believe we must hold talks with the SLORC to stop this civil war and bring about internal peace. We need to hold talks. Only then will we know whether peace is going to be achieved and internal peace can be implemented. We will know about these matters only when we hold talks.

[Correspondent] What are the conditions set by the KNU to reach a stage where both sides will be able sign an agreement?

[Bo Mya] We have not made any demands yet. We have not started the discussions yet. We can only talk about this matter when the talks begin. Without any talks, we cannot say anything.

[Correspondent] Yes. What kind of impact will it have on the activities of the NDF [National Democratic Front] and the DAB [Democratic Alliance of Burma] if the talks between the KNU and SLORC go smoothly?

[Bo Mya] We do not practice selfish [word indistinct] at all. We must discuss nationwide peace with the SLORC. Our talks will be aimed at achieving nationwide peace.

[Correspondent] My last question is about the political situation in Burma. What would you like to comment on the latest situation?

[Bo Mya] Concerning the ongoing political situation, I would like to say that the emergence of genuine democracy and internal peace and bridging the gap of misunderstanding among the national races is crucial. As long as there is misunderstanding among the national races, it is unfavorable for us and for the country. That is why we want multiethnic talks and the prevalence of true internal peace. Moreover, we also want to resolve political problems through political means.

NLD Vice Chairman Tin U Addresses Gathering

*BK0412133695 London BBC in Burmese
to Burma 1345 GMT 3 Dec 95*

[Dispatch by BBC Burmese Service correspondent Marcia (Phu) from Rangoon]

[FBIS Translated Excerpt] The crowd gathered over the weekend in front of Burmese opposition leader Daw Aung San Suu Kyi's residence is larger than usual today—3 December. It is estimated to be between 5,000 and 6,000. Aung San Suu Kyi greeted the people and responded with good humor to a question about Burma's economic situation as reflected by the price of rice water.

[Begin recording] [passage omitted on Aung San Suu Kyi replying to questions about inflation, discipline, traditional tenet on friendship, authorities requirement in Monywa to attend rally to support National Convention]

[U Tin U, vice chairman of National League for Democracy] After we left the National Convention, I wondered whether there would be less people in the crowd. There were more people yesterday, and yet more people today. [cheers from crowd] I am so happy to see so many people, who—despite their fear—have the courage to come here out of their unconditional love and goodwill. I thank you very much. [cheers]

If the crowd keeps growing at this rate, our loud speaker will have to be placed at the entrance of the [Rangoon University] diamond jubilee celebrations [held by authorities]. [cheers]

Daw Aung San Suu Kyi spoke about the tenet of friendship, which in turn reminded me of the condition of our people. Our people are doing a Thai dance. Do you know about the Thai dance — the art of making (?excuses)? [laughter and cheers from the crowd]

What I would like to speak about today is the much discussed National Convention, which has become a popular issue. I would like to compare the essence of the preambles of the three state Constitutions that we have had in our lifetime.

The first was drafted during the war by a foreign country's [Japan] military administration, which promised us independence and duly declared independence on 1 August 1943. The Constitution of the time did not contain a preamble stating what kind of a state would be established for the people. I need not elaborate on this Constitution since it did not contain preamble and did not serve the interests of the people.

A constitution was drafted in our country in 1947. The architect of this Constitution is our fallen father —

General Aung San. The Constitution was drafted when he was still alive. However, he left the military and became a civilian before it was drafted in order to safeguard the wishes of all the people. There is historical evidence of this. After it was drafted, Gen. Aung San himself submitted the draft constitution to the AFPFL [Anti-Fascist People's Freedom League] conference on 23 May 1947 for endorsement.

The language in which the preamble of the draft constitution was written was forthright and calm, and it was able to make a great impact in the country. The preamble of the Constitution earned international respect. The preamble of this Constitution has integrity, delicacy, and stability. The independence struggle was marked by student strikes and labor and student causes spearheaded by patriots and by the formation of the Defense Services by Gen. Aung San for an independence movement and subsequent outstanding resistance against imperialism.

Moreover, we waged the resistance movement against the fascists because the military administration of the time in the country was unjust, the independence granted was not genuine, and because we realized that the unjust military administration had to be resisted and the occupation forces repulsed. These historical events were marked by tremendous difficulties and anger and yet the constitution does not contain any trace of anger. [end recording]

Tin U, Kyi Maung Address Gathering 3 Dec

*BK0412133995 London BBC in Burmese
to Burma 0000 GMT 4 Dec 95*

[Passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] NLD [National League for Democracy] leader U Tin U addressed the crowd gathered outside Daw Aung San Suu Kyi's front gate on 3 December. He explained the following differences between the 1947 State Constitution and the 1974 State Constitution.

[Tin U] "In writing a state constitution, regardless of what it is called, a preamble has to be written to reflect integrity and to ensure tranquility, peace, and prosperity for all of the people. The preamble of the 1974 Constitution had 12 paragraphs and 60 lines. This preamble contained anger and antagonism. It said that the 1947 Constitution, which contained defects and loopholes, had to be attacked and removed and that capitalist parliamentary democracy and the power and influence of the feudalists, landlords, and capitalists had to be crushed. It said that a socialist system had to be established in order to overcome this undesirable situation. It said that the Revolutionary Council, which assumed responsibility as a historical mission, had to

establish the single-party system of the Burma Socialist Program Party, and the people were to faithfully follow the leadership of the Burma Socialist Program Party.

"There is a considerable contrast between the preambles of the two Constitutions."

[Announcer] Tin U explained the NLD's decision not to attend the National Convention any longer:

[Tin U] "We are not attending this convention because we place a priority on the prestige that is entrusted to us by the people's vote at the election."

[Announcer] Tin U continued to explain the need for dialogue between the two sides for a state constitution that is in accordance with the wishes of the people.

[Tin U] "If they genuinely want a state constitution that is in accordance with the wishes of the people, I would again urge them to hold talks, like a family, with the NLD leader, including all the notional races in order to obtain national unity."

[Announcer] U Kyi Maung, another NLD leader, made the following comments when asked by his grandchild about the British Government's BBC propaganda during World War II:

[Kyi Maung] "I told him that an autocratic state always win in the early stages when it stages a war against a democratic country. During the first three years, from 1939 to 1941, the British suffered immensely.

"There were three noteworthy broadcasts. First was the broadcast on the retreat of over 300,000 British soldiers from Dunkirk aboard various boats. The second broadcast was the fall of Singapore, on how and why Singapore fell. The third was the fall of Rangoon. I vividly remember that day. I recalled that they told the truth no matter what losses they incurred. They reported the news correctly. They did not boast. They also did not degrade the enemy but told the truth. Listeners believed in them because of their polite manner of speech, the tone, and the choice of words. When you correlated it with broadcasts from German radio and other stations, their radio had the appeal. After listening to that kind of a voice, you would want to listen to it again."

[Announcer] Kyi Maung also made the following comments regarding BBC commentaries.

[Kyi Maung] "The enemies were also listening to the broadcasts; however, they broadcasted moderately in such a way that it was also educational for the listeners. They were also able to broadcast their propaganda in an undetectable way. This should be copied."

Cambodia

Hun Sen Faults U.S., Foreign 'Interference'

BK0512092595 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 4 Dec 95

[Speech by Second Prime Minister Hun Sen at a foundation laying ceremony of a junior high school in S'ang District of Kandal Province on 4 December — recorded]

[FBIS Translated Excerpt] [passage omitted on the construction of the school and importance of education]

Frankly speaking, I am fed up with the world expressing alarming fear over Cambodia's internal affairs. It is really terrible. Let me say this to the world: Whether or not you want to give aid to Cambodia is up to you, but do not discuss Cambodian affairs too much. This is what I want to say.

We used to eat banana stump and rice porridge. It was very hard. So far, these countries have yet to give us anything, but they thoroughly discuss our affairs in their own countries. Please stop. If you don't really want to give, you don't need to give. You don't need to do so. His Majesty was absolutely right when he stopped receiving aid from the United States in 1965. There were too many strings attached. Aid would be given only if you did this or that.

The Vietnamese Army did not impose any conditions and did not stipulate that Cambodia become a Vietnamese satellite when Vietnam came to liberate us from the Polpotist regime. Vietnam did not impose any conditions at all. It returned home with nothing, and left countless numbers of its corpses in Cambodia. We could clearly see that. Why did it act like that?

In fact, we have not yet claimed compensation from the Americans. The latter killed 800,000 Cambodians between 1970 and 1975. This figure represents only loss of human lives; the number of disabled have yet to be counted. Who destroyed schools, hospitals, factories, and enterprises? The Polpotists destroyed a number of them, but don't forget — and I still well remember — that the Americans also destroyed factories in the Chup and Memot rubber plantations, as well as the Chhlong factory, which is one of His Majesty's achievements. The Americans must pay compensation for that. You don't need to raise the issue of granting MFN [most-favored-nation] status. Sincerely speaking, you can stop aid now but you must pay compensation to Cambodia. Cambodia should be considered sportsmanlike since it has not yet claimed any compensation from America. Anyway, Cambodia's affairs continue to be debated. After the Cambodians told those who were conducting

illegal activities in our country that they were not acting according to the law, insults were quickly launched at Cambodia. When Cambodians began convicting those attempting to kill others, other countries immediately began talking about that.

I have already told the French and the Americans that in Phnom Penh there will be a grand demonstration against those supporting assassins. Availing myself of this opportunity, I wish to warn foreigners that they should look out for demonstrators who may storm their embassies.

Look! This matter is an internal affair of Cambodia. Why are the Cambodian courts not allowed to sentence an individual since the Cambodians have already stripped him of immunity?

Yesterday, there was a demonstration against the Cambodian Embassy in France. The French ambassador asked me about that. I told him that I did not know why. I asked if he could explain our stance to the French people. The ambassador answered that since France is a democratic country, demonstrations can be staged freely. I said okay, I understand your explanation, but you should not forget that I also have the right to stage demonstrations.

Now, as our internal affairs are interfered with too much, and as our courts are not allowed to act, we should stage a demonstration. I ask that the people stage a demonstration against foreigners. I am not afraid of anybody.

You can call Hun Sen a Vietnamese puppet or anything else. I don't care. I asked Vietnam to help fight the Polpotists. I was not wrong. Without Vietnam's help, we would have all been killed. That is the truth. Heng Samrin, Chea Sim, Bou Thang, Say Phuthang, Tie Banh, and I together had just over 10,000 troops; we were not able to defeat the Polpotists. Therefore, Vietnam was asked to help. Vietnam never imposed the condition that we become its satellite.

It was I who signed to reclaim the Poulo Wai island. Now compatriot experts in border problems have recognized this fact. There was propaganda overseas that Hun Sen had given the island to Vietnam. This is not true. In fact, it was Hun Sen who took Poulo Wai back. Besides, North Vietnam never considered the island a Vietnamese one. It was only the Americans' South Vietnam that considered Poulo Wai as its island. The Americans supported South Vietnam during its occupation of the Cambodian island. When we asked the island to be returned, Vietnam agreed to return it. It did not take our island. When asked, Vietnam gave it back. Nevertheless, propaganda has been circulated that Poulo Wai

is a Vietnamese island. This is not true. It is an island of Cambodia. Now we are drilling for oil 50 km from the Poulo Wai island. It is the Enterprise Oil company that is currently drilling for oil.

They have accused me of selling or giving out land. How much land have the people in Kaoh Thom [District] lost? Is it not true that the border at Roleang Chrey remains intact? This is really terrible.

Now whether you want to help or not is up to you. We have been able to survive. We were given nothing, only attacked. Now I want these words to be conveyed to the U.S. Senate: If you want to help, then help. If you do not want to help, it is fine, but you must compensate the Cambodians for overthrowing their king and creating war in Cambodia. I will look at the issues. As you trace the crimes committed by the Pol Potists, you should also find the origin of the Pol Potists, whom you created. I will certainly challenge those people.

I wish to praise his majesty for his boldness against the Americans. The other day in Siem Reap Province, the king said: Samdech Hun Sen acts like me when I was young.

I am not afraid, although I have two children studying in the United States. They went there after passing their examinations and legally applying for admission. Nevertheless, if the Americans are displeased with my protest, I will take my children back in 24 hours.

The Americans discuss Cambodian affairs and insist that the Cambodians must fulfill the first, second, third, fourth, fifth, and sixth conditions, and so on. All in all, we cannot even act according to Cambodian law. If it is too difficult, stop. Stop. You must not talk too much about my affairs. You must stop, but you should never forget to pay compensation. I will also demand compensation for the loss of my eye to the U.S. troops.

You are talking about human rights, but when you bombarded Cambodia, did you care about Cambodian lives? Now, while you uphold democracy and human rights, why do you need to produce nuclear weapons? What are they for? Are they not for killing human beings?

In Takeo Province, the prince krompreah [Norodom Ranariddh] and I discussed the problem of French nuclear testing and we thought of abstaining from voting on the issue. Yesterday, though, the prince told me by phone that a French minister had said that France would provide assistance to a Phnom Penh technology school only after Prince Kromkhun Sirivut's case is settled. The duty of the Cambodian court is now linked to the issue of aid. Whether you give aid or not does not matter at all. It is appallingly terrible; it is appallingly terrible.

Cambodians should think of themselves. They have survived, though they have lived in difficulty. If you do not want to give aid, you must not touch or interfere in Cambodian affairs.

I am ready to allow people to stage demonstrations in support of the Royal Government's efforts to defend independence, sovereignty, and territorial integrity [words indistinct]. [applause]

Now our sovereignty is being trampled upon ruthlessly and Cambodia is no longer able to deal with its own internal affairs. As such, compatriots countrywide should stage demonstrations after I appear on radio and television.

I told the French ambassador: If your country has the right to stage demonstrations, so do I. Nevertheless, you should bear in mind that if I stage a demonstration, 1 million people will take part. They will be all over Phnom Penh. I do not mean to threaten you. If you want to give aid, you can.

Tomorrow, the prince krompreah will summon and ask the French ambassador about that. The prince, after listening to a [word indistinct] broadcast that was relayed from France, said on the phone that France cannot do that. The French minister said that continued aid is subject to the settlement of the case, which is under the jurisdiction of the Cambodian courts. The National Assembly and the government, including the prince krompreah and I, will not interfere. As for the police, they are only an instrument of the courts. Why are the courts not allowed to act?

I want to remind you — today everything should be disclosed; I do not want to pretend to be kind to foreigners — that when we stage demonstrations we should not forget to act solely within the framework of demanding our rights to settle Cambodia's problems by ourselves. [applause]

What you should do is move toward some embassies and voice demands concerning your opposition to the use and production of nuclear weapons and respect for human rights.

If the Americans talk too much about Cambodian affairs, we will stage a demonstration to demand that the United States pay compensation. How much? Only about \$20 billion. In fact, \$20 billion represents just a small amount for the loss of 800,000 people. Moreover, the Americans should also be tried in the international court like Pol Pot. Without the U.S. aggression against Cambodia, Pol Pot would logically not have come into existence. Is that true?

If the Americans had not staged a coup d'etat to topple his majesty, the Khmer Rouge could never have come to power. We would have been living peacefully. Is that not good? If the king had been able to lead us all this time, we would have been happy, and we would not have lost our children. So if we talk about Pol Pot, we should also talk about the Americans. Out of consideration for you, we do not want to talk about the matter again. You do not want to understand, though. I want to give this warning to make you understand that you have problems: Never again act as a superpower and bank on sending your planes. You were defeated once; do you want to be beaten again?

I am never afraid of anything. You can arrest or do anything to my two children who are in the United States. If you expel my children due to my opposition to the Americans — which is intended to defend Cambodia's independence and sovereignty — it is fine; it is good. It will show the uglier side of the Americans, though. The Americans only help those who allow themselves to serve as U.S. satellites. Anyway, I believe that the Americans will not act like that. There are both good and bad Americans. This is what I want to point out.

I also have two children in France. If you do not allow them to study there, I will send them to another country or bring them back to learn in Cambodia. Cambodia also has schools now. You want me to help promote the French language; my children learning your language should be encouraging.

I want to talk a bit about this matter because they interfere too much in Cambodian affairs. The prince krompreah and I can no longer remain patient.

His Excellency Trade Minister Cham Prasit reported that they called him to say they have already suspended MFN for Cambodia. I told his excellency: You and I used to be poor and live in difficulty, so we should remain firm. We should stop talking about that. With or without MFN, we are not going to die. Have we not been able to survive so many years without U.S. MFN? How were we able to survive in the former State of Cambodia when we were attacked and faced embargoes and sanctions? We should talk with dignity as Cambodian sons of Angkor.

When his majesty rejected U.S. aid, why was he still able to build universities, faculties, and other things? What is important is self-reliance and unity. We should join hands to work to prevent foreigners from interfering excessively in our internal affairs. If you are happy you can give aid, but you should never talk about my affairs. We have already handled the assassination case legally. After being stripped of his immunity, he has

been sent to stay in an air conditioned room. What else do they want? Nothing is more valuable than Cambodia's independence, freedom, sovereignty, and territorial integrity.

I would like to end this matter, but I want to make it clear that we are prepared to stage a demonstration to defend Cambodia's independence and sovereignty and put an end to foreign interference in Cambodia's internal affairs. Cambodians should be left to solve their own problems. We are intelligent. We are not more stupid than you. Staying over there, you know nothing. Yet you persistently ask for his release. You should wait until the court hands down a sentence before you ask. The problem is very simple.

I want to apologize to the people and foreigners listening to my speech. They might wonder what I am going to do. I will do nothing except defend the nation. Hun Sen, as a Cambodian son, should speak proudly like this. Not only did Hun Sen used to talk like this, he also used to fight those guys. There is nothing to be afraid of. I believe that my compatriots will support me because I am not leading the people to attack or invade other countries. What I have done is defend the country's independence and sovereignty. I have done nothing wrong. If you interfere too much, it is time for you to get out; to stop.

We should not oppose Japan because it has never intervened. Japan is very good. Aid from Japan is completely unconditional. Apart from Japan, it is really an awful mess.

Statement Reveals Sihanouk Suffering Diabetes

*BK0512101795 Hong Kong AFP in English
0944 GMT 5 Dec 95*

[FBIS Transcribed Text] Phnom Penh, Dec 5 (AFP) — King Norodom Sihanouk of Cambodia has now been revealed to be suffering from diabetes which he described in a statement as "a new and grave illness."

The 73-year-old monarch has already been undergoing intensive treatment for cancer in China and had cataracts in his eyes. He also has a heart condition.

On Monday, the King underwent examinations and his blood was analysed by doctors in Phnom Penh which revealed the diabetes, the king announced in a statement.

The tests were performed at the request of his doctors in China and his European physician, Georges Pathe. King Sihanouk said in his statement that the condition was "a new and grave illness."

The king made no mention of whether his heart condition and cancerous tumor, reported to be in remission,

were also still troubling him. But he said the diabetes was the probably cause of his "extreme fatigue these last weeks."

Palace sources said the King was also extremely upset by the arrest of his half-brother, Prince Norodom Sirivut, who has been accused of conspiring to kill Second Prime Minister Hun Sen.

Last week, following press reports charging that the monarch was powerless to solve Cambodia's political problems, King Sihanouk released an angry statement saying he would consider abdication if a more qualified candidate could be found.

Ranariddh Reiterates Stand Against Rangsi's KNP

BK0212114095 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 2 Dec 95 pp 1, 2

[Report by Dararit]

[FBIS Translated Text] On 29 November, Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC], again criticized Sam Rangsi over the creation of the Khmer Nation Party [KNP]. He said he felt terrible regret that Sam Rangsi, a highly educated person, lacks common sense, analyzes problems incorrectly, and claims the RGC is afraid of him. The action is completely illegal.

At the same time, the prince categorically reaffirmed the stance of the RGC, which adheres to a liberal, democratic, and multiparty system. He said every Cambodian citizen, not just Sam Rangsi, has the right to establish political parties. They should abide by the national Constitution, however, because it was born according to the people's wishes. Therefore, if Sam Rangsi agrees with the UNTAC [UN Transitional Authority in Cambodia] electoral law, he should fulfill all the conditions specified in that law. The RGC will then give him legal recognition.

Prince Krompreah Norodom Ranariddh added: In his last letter to the RGC, Sam Rangsi said he did not accept the UNTAC law. As such, he should wait until a new law is drafted and adopted by the RGC and the National Assembly before applying again to create his party.

The prince stressed that for himself and his majesty, the KNP was created unlawfully and can never be recognized.

The competent authorities asked Sam Rangsi to fulfill the law's requirements many times, but Sam Rangsi refused. Then he launched the party unilaterally and illegally.

Finally, the prince krompreah said he is not afraid of anyone. Since Cambodia is a legal state, however,

and endowed with a government born according to the wishes of the people — the sole owners of Cambodia — Sam Rangsi, an educated person, should understand and know how to conduct a correct analysis to distinguish what is legal from what is illegal. He should understand that his party has not been recognized because he did not observe the law correctly, not because he is feared.

Foreign Minister Returns From Australia

BK0312132395 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 3 Dec 95

[FBIS Translated Text] His Excellency Ing Huot, minister of foreign affairs and international cooperation, returned to Phnom Penh this morning after a two-week official visit to Australia. Greeting the minister at Pochentong Airport were their excellencies the under state secretary [passage indistinct] thanked Australia for its aid to rehabilitate and develop Cambodia [passage indistinct].

Border Checkpoint Agreement With Thailand

BK0312132495 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 3 Dec 95 pp 1, 2

[Report by Dararit]

[FBIS Translated Text] An agreement has been reached on border cooperation between Cambodia and Thailand, including the opening of six border passes, all of which will be equipped with radio communications equipment to assist in the rapid control and resolution of border problems. Along with this, Cambodia has agreed to set up a temporary checkpoint in Thailand's Prachinburi Province to promote trade cooperation between the two countries.

Sources at the Defense Ministry said the agreement was reached in Bangkok on 29 November during the first meeting between Co-Defense Ministers Tie Banh and Tea Chamrat and Chawalit Yongchaiyut, the Thai deputy prime minister and defense minister.

The same sources also revealed that troops of the two countries have already been stationed at the agreed border passes; only a formal agreement was needed to facilitate the relationship.

The six border points are An Seh Pass in Cambodia's Preah Vihear Province opposite An Ma Pass in Thailand's Ubon Province; Boeng Trakuon Pass in Battambang Province opposite Chong Chom Pass in Surin Province; and Ta Phraya Pass in Thailand's Prachinburi Province. [number and locations as published]

The checkpoint in Prachinburi Province is the first to be set up by both countries. Once in place, it will have

offices of the Customs and Immigration Departments to increase cooperation and improve the relationship between people in the two countries.

Chawalit Yongchaiyut said the two countries have agreed to cooperate fully on security along the border, including the ending of trespassing into each another's territory, and to work together to take measures against various criminal activities.

The same sources also disclosed that Thai assistance to the Khmer Royal Armed Forces [KRAF], including next year's grants for Cambodian officers and training for the KRAF in Thailand's Chachoengsao Province, were also discussed at the meeting.

Commentary Assails Magazine's Drug Allegations

*BK0312134395 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 2 Dec 95*

[Station commentary: "Dirty Trick"]

[FBIS Translated Text] On 23 November, issue no. 63 of the CAMBODIA DAILY quoted a report in the 23 November 1995 issue of the FAR EASTERN ECONOMIC REVIEW [FEER] magazine entitled: Cambodia [words indistinct].

Whether you like it or not, Cambodia analysts consider this report more political than factual. This report attacks poor Cambodia through slander that lacks logic and relies on biased individuals. If it persuades some people, it could lead to the Cambodian people and the Royal Government of Cambodia [RGC] receiving unjust punishment.

Careful examination reveals that the author of this long article affirms that he spent four months researching his case. It should be noted that Sam Rangsi is an important source for this biased author. Sam Rangsi is used as evidence in the author's report. It has been affirmed that even the statement by U.S. Ambassador Charles Twining used in the report was revealed by Sam Rangsi. The U.S. ambassador has not commented on this issue, according to the 17-30 November issue of the PHNOM PENH POST.

The article paints Cambodia as a new drug state in Asia. Reality provides a different story. The RGC has called for assistance from the United States to prevent drug trafficking through Cambodia. This appeal has led to repeated cooperation with the United States; the latter has provided over \$320,000 to Cambodia to set up a laboratory to test addictive substances. The United States has also provided other equipment.

The openness in the cooperation with the United States has led to successive arrests of drug traffickers by the Cambodian authorities. It is not at all reasonable to rely on the figures of these arrests to accuse Cambodia of being a new drug state in Asia. Quite the contrary, the arrests show that drugs cannot pass through Cambodia. Furthermore, according to the PHNOM PENH POST, the U.S. official involved in providing assistance to prevent drug trafficking in Cambodia says that the cooperation is going very well. This official told the PHNOM PENH POST that the RGC has called for U.S. cooperation and the United States has responded positively. U.S. antinarcotics agents visit Cambodia regularly to give instructions on training and to meet with their Cambodian counterparts.

Worse still, the author of this FEER article also talks about Army aircraft, helicopters, vehicles, and vessels and government troops being used to transport drugs. When asked about this issue, the U.S. Embassy spokesman did not comment but specified that he is not aware of the official quoted by the author of the article.

These are just some arguments showing the lack of firmness concerning what was reported in the Hong Kong-based FEER. Everyone knows that in fighting to eliminate narcotics, the Royal Government has adopted many measures such as inviting experienced foreign specialists to provide training and issuing subdecrees dealing with drug trafficking to make Cambodia into a place where narcotics and dirty money cannot be present.

Why did the reporter not realize this? Perhaps the worst thing about journalism is the confusion that bad news is news while good news is not. Still, this does not mean reporters cannot write about good things.

We should look at the personality of the author who wrote this report for the magazine and find out what kind of person he is. This person has never seemed to write any positive articles about Cambodia. The majority of his articles defame Cambodia's good image; for example, the article on the eating of human livers at Vat Chhoeu Khmau monastery in Battambang Province, about which no real evidence has ever been found. Now Cambodia is the drug state in Asia.

As a reporter, is he simply slandering Cambodia to get the world to fear and hate Cambodia, stop giving aid, and stop investing?

The policy [passage indistinct] their strategy [passage indistinct] but the nearly 10 million innocent Cambodian people.

FUNCINPEC, CPP Issue Joint Statement

*BK0212123295 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 2 Dec 95 pp 1, 2*

["Joint statement" issued by the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] and the Cambodian People's Party [CPP] in Phnom Penh on 29 November]

[FBIS Translated Text] Implementing the spirit of the 20 November 1991 agreement between the Cambodian People's Party and FUNCINPEC; the spirit of the joint communique issued by the FUNCINPEC chairman and the CPP chairman in August 1993; and the spirit of the 25 September 1993 memorandum on the meeting held between FUNCINPEC and the CPP, the cooperation between FUNCINPEC and the CPP has produced fruitful results. Chiefly, the organized operations of the National Assembly, Royal Government, and Army as well as the across-the-board restructuring of the civilian administration have proceeded smoothly, ensuring the control and settlement of all national issues.

Political stability has been strengthened in the spirit of uniting the nation under the royal leadership of His Revered Majesty Norodom Sihanouk. The Khmer Rouge's destructive activities have been thwarted and reduced. The tasks of restoring and developing the nation have achieved initial success and have provided optimism for the future. These results have been achieved with the international community's great support and assistance, and satisfy the sacred wish of the people.

The fruitful results have provided optimism for the present and the future, even though the two parties should strive further to solve the remaining complicated problems.

To consolidate the fine cooperation further, the two parties wish to state the following:

1. FUNCINPEC and the CPP reaffirm that they continue to consolidate and enhance their existing two-party cooperation. This cooperation constitutes an indispensable factor for strengthening the country's political stability and achieving national unification in accordance with the spirit of the Constitution and Royal Government policy and for the cause of national restoration and development.
2. FUNCINPEC and the CPP reiterate their unswerving stance to continue protecting the monarchy by virtue of the Constitution, in which the nation-religion-king motto is enshrined.
3. As for the case of Prince Kromkhun Norodom Sirivut, charged with plotting to assassinate Samdech Hun Sen, second prime minister and vice chairman of the CPP

Party, the two parties deem it an individual act that should be tried by the courts according to the law. The case does not affect the two parties' fine relations at all. The two parties support the existing legal processes and modalities and hope that they will continue to be enacted correctly in accordance with the Kingdom of Cambodia's existing law. Criticism of the existing proper legal processes is just an obscure perception.

4. FUNCINPEC and the CPP wish to reaffirm that, according to their mandate, the Kingdom of Cambodia always adheres to a liberal, democratic, and multiparty regime. Respect for human rights will be implemented fully in keeping with the principles of the Universal Declaration on Human Rights.

The two parties wish to appeal to the international community to continue supporting the cause of speedily restoring and developing Cambodia in accordance with the spirit of the 23 October 1991 Paris peace accord.

Phnom Penh, 29 November 1995.

Acting for FUNCINPEC: Chairman Norodom Ranariddh;

Acting for the CPP: Chairman Chea Sim.

Khmer Rouge Disrupts Railroad Line

*BK0312130095 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 3 Dec 95 pp 1, 9*

[Report by B. Seila]

[FBIS Translated Text] The railroad bridge at kilometer marker 144+600 [as published] between Kamreng and Totoeng Thngai stations in Krakor District, Pursat Province was completely destroyed at midnight on 29 November by Khmer Rouge rebels using homemade mines.

Mau Nhoem, deputy commander of the Cambodian Railway Company's protection unit, said on the morning of 1 December that the railroad bridge was blown up on 29 November by Khmer Rouge mines. Eleven meters of the bridge are gone. The bridge had not yet been repaired as of 1 December.

This incident stranded a train in Pursat Province. Mau Nhoem said the Pursat provincial police force was also stationed at the bridge that was mined by the Khmer Rouge.

It should also be reported that at 2000 on 25 November the Khmer Rouge used homemade mines to damage the railroad in two places, destroying about two meters of rail at each place, at kilometer marker 141+300 [as published] between Kamreng and Totoeng Thngai

stations in Chheu Tom Commune in Pursat Province's Krakor District.

Due to insecurity, the Phnom Penh-Pursat railway line was suspended for nearly a year. Traffic resumed in mid-November after the Royal Government deployed forces along the railway line. Despite the deployment of troops along this railway line by the Royal Government of Cambodia, the Khmer Rouge rebels still managed to carry out their destructive activities. Rail traffic on the Phnom Penh-Pursat line has been interrupted again after only two trips. Of the two trains, one made it back to Phnom Penh while the other was stranded in Pursat Province.

Khmer Rouge Discusses Draft Nationality Law

BK0512123995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 4 Dec 95

[Interview with Mak Ben, "minister in charge of rural areas, agriculture, and water conservancy, of the Provisional Government of National Union and National Salvation of Cambodia," by an unidentified correspondent on 4 December; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. What did the Provisional Government of National Union and National Salvation [PGNUNS] discuss during its 4 December cabinet meeting?

[Mak] The PGNUNS cabinet discussed the report of the national committee in charge of preparing a nationalities law and an immigration law. The cabinet closely and thoroughly examined and discussed this issue with a lofty sense of responsibility. As a matter of fact, preparation has been basically completed. We have not just thought of preparing these laws. We had thought of preparing them all along. This is because this issue seriously affects our people's lives. We have been collecting documents on this issue since 1979.

UNTAC [UN Transitional Authority in Cambodia] did nothing to solve this problem when it came here. It only said there were no Vietnamese here. The two-headed government also did not solve this problem.

The drafting of these laws was based on the laws that existed before 1970. We also used many other documents, such as international law and the laws of other countries.

[Correspondent] What are the PGNUNS objectives in drafting these nationalities and immigration laws?

[Mak] The PGNUNS prepares these nationalities and immigration laws by basing them on clear political objectives. They are:

1. To protect the interests of the nation and people and the Cambodian people's rights, as masters of their country, territory, and destiny.

2. To solve the problem of ethnic Vietnamese swallowing up Cambodia by deporting them from Cambodia and sending them back to Vietnam.

3. To prevent the dishonest foreign traders from swindling, exploiting, sucking blood, and killing our Cambodian nation and people at will, as they are doing under the present traitorous, arch corrupt two-headed regime.

The problem of protecting the Cambodian people's right to live as masters of the country and territory is the most important issue. It involves the survival of our entire Cambodian nation, race, and people, including the peasants in general and the 6 to 7 million poor peasants.

For 17 years now, the people throughout the country, particularly the poor peasants, have suffered miserably. They have been ruined and killed due to the communist Vietnam's war of aggression. The communist Vietnamese puppet administrators and ethnic Vietnamese have also robbed them of their land, rice fields, orchards, rivers, lakes, ponds, streams, brooks, forests, and all properties and resources. Our people have struggled very valiantly against the aggressor communist Vietnamese, the aggressor communist Vietnam's puppet administrators, and the two-headed regime — the out-and-out lackey of communist Vietnam.

The PGNUNS, as the government of the nation and people and the government to fight for national salvation, is duty-bound to prepare a law to emphasize and protect the people's sacred rights to self-determination as the masters of their country, land, rice fields, orchards, rivers, lakes, ponds, streams, brooks, forests, and all properties and resources. This does not involve any nationalism or racism.

[Correspondent] You said that no racism was involved in drafting these laws. Can you please elaborate?

[Mak] Yes. We have no problem with the Vietnamese people. After the end of the communist Vietnam's war of aggression and after Cambodia achieves national reconciliation and forms a genuine national government, an independent, unified, peaceful, neutral, and nonaligned Cambodia needs to have good relations with Vietnam and the Vietnamese people based on the principles of peaceful coexistence, noninterference, and respect for each other's interests. The Cambodian and Vietnamese people should establish normal relations and contacts. The people of each country should respect the laws of other countries in which they are doing business. At present, however, communist Vietnam's war of aggression is continuing, and the ethnic Vietnamese — the

aggressor forces of communist Vietnam — are in Cambodia. These problems must be resolved in order to protect the interests of the Cambodian nation and people.

As the political stand and the moral principle of the Cambodian nation and people, we very clearly differentiate between the Vietnamese people and the aggressor communist Vietnamese.

[Correspondent] Thank you, Your Excellency.

Indonesia

Minister Denies Coercion in Transmigration

BK0412094695 Jakarta THE JAKARTA POST in English 28 Nov 95 p 1

[FBIS Transcribed Excerpt] Jakarta (JP) — The government yesterday denied allegations that coercion is used in its drive to redistribute Indonesia's population more evenly across the archipelago.

Minister of Transmigration and Forest Squatters Resettlement Siswono Yudohusodo in his speech opening an international congress on population resettlement, also stressed that the government's transmigration program conserves nature, rather than destroys it as is often alleged.

Siswono attributed these allegations to the lack of publicity about the transmigration program Indonesia has been conducting.

The three-day seminar, which looks at the links between resettlement and poverty alleviation efforts and is being attended by around 200 people from 18 foreign countries, was opened by President Suharto at the State Palace.

Siswono said no one had been coerced into moving to other islands. "Transmigration in Indonesia is voluntary, meaning that people have freely participated in the program to improve their situation," he said.

He pointed out that almost 95 percent of the people resettled under the program have significantly improved their income.

Under the program that began in 1952 the government has resettled 7.2 million people from the densely-populated islands of Java, Bali and Lombok to sparsely-populated areas in Sumatra, Kalimantan, Sulawesi and Irian Jaya.

"A majority of those resettled were poor families and had no land to till," he said.

Transmigration is also helping to conserve Indonesia's huge tropical rainforest, "the earth's lungs," by moving forest squatters into permanent settlements outside forests, he said.

He also pointed out that some of the transmigration programs are combined with the development of forestry estates near their new homes.

A number of foreign delegations told THE JAKARTA POST that their governments are also banking on resettlement programs to spread their population and improve peoples' welfare.

Biography of Suharto's Son-in-Law

BK0512093495 Jakarta GATRA in Indonesian 25 Nov 95 p 30

["Main Report" by Priyono B. Sumbogo]

[FBIS Translated Text] He is a superstar, even though he only has one star on his shoulders. Colonel Prabowo Subianto, who will soon become a brigadier general, is a success symbol for ABRI's [Armed Forces of the Republic of Indonesia] younger generation. If the press devotes a special column to his promotion, it is probably because he is a son of Professor Sumitro Joyohadikusumo and son-in-law of President Suharto. He married Siti Hediati Hariyadi Suharto in May 1983, and the couple has a son. His biography shows that he is a true soldier.

The third child of Indonesia's top economist was born in Jakarta on 17 October 1951. He spent many years of his life overseas — in Singapore, Kuala Lumpur, Hong Kong, Switzerland, and Britain — to follow his father's overseas postings.

His friends described him as a youth who liked reading and sports. He liked skiing when he lived in Switzerland. He still enjoys jogging and swimming now. He does not like tennis because he finds it too monotonous.

He returned to Indonesia with his parents in 1967 and graduated from high school in 1970. When he applied for college studies in the United States, three university faculties of economics — Colorado University, George Washington University, and one university in Rhode Island — accepted him.

The son of Indonesia's top economist did not, however, seem to be interested in his father's area of expertise. He decided to join the Armed Forces Academy majoring in Army studies. It is said that Prabowo liked to wear a military uniform when he was in kindergarten. People said he had been influenced by his grandfather Margono Joyohadikusumo, founder of the 1946 Indonesian State Bank and first chairman of the Supreme Advisory Council, who was said to have a strong nationalist spirit. Two of Prabowo's uncles, Lieutenant Sujono and Sergeant Subianto, died in the struggle against the Dutch forces in a battle in Tangerang called the

Lengkong Incident. The two men died along with another nationalist fighter Daan Mogot and were buried in the Tangerang Heroes Cemetery. Prabowo added the name Subianto to his name out of admiration for his uncle. When he was a young boy, Prabowo liked to play with his late uncle's uniform and knapsack.

Prabowo graduated from the Armed Forces Academy and was commissioned as a second lieutenant in 1974. His graduation was delayed for one year because when the cadets were given leave to visit Yogyakarta, Prabowo took the opportunity to fly to Jakarta to visit his family. This resulted in his being demoted.

Despite his strong-willed character, Prabowo was known by his fellow cadets as a person with a critical mind. He did not hesitate to disagree with his military instructors. He is not only perceptive, but also has a good memory. "He listened to the lectures and did more than take notes, but he got good grades on examinations," Major Poltak Manurung, one of Prabowo's instructors, told TEMPO.

Thanks to his long years overseas, Prabowo speaks English very well, to the point that his friends describe him as using the Queen's English [preceding two words in English]. He was often asked to become an interpreter whenever there was a foreign visitor to the Armed Forces Academy. In addition to English, he also speaks German, French, and Dutch.

After his graduation from the academy, he developed his adventurous spirit in military service. One sentence Prabowo wrote in the 1974 cadet yearbook says: "The courage to face all challenges will always be tested, and the test will show whether or not we will stand upright with dignity."

He indeed translated the spirit of that sentence into action with the passage of time. He was sent to East Timor just two years after his graduation. At that time, he led a company that was successful in killing Fretilin [Revolutionary Front for an Independent East Timor] President Nicolao Lobato, Fretilin Commander Guido Soares, and Somotxo, a member of the Fretilin Central Committee.

Prabowo is among the officers who have most often participated in military operations. He spent four years in East Timor participating in four military campaigns. He was also assigned in Irian Jaya. It is no surprise that he spent most of his military career in Kopassus [Army Special Forces] and Kostrad [Army Strategic Reserve Command] combat units. The 328th Kostrad Battalion, which was under his leadership in East Timor from 1988 to 1989, was voted the battalion with the best reputation

and achievement. The battalion received the Bala Yudha Perkasa award.

The battalion's achievement may be attributed to Prabowo's close ties with his subordinates. He was known as an officer who was always in combat areas. For this reason, only four months after he got married in 1983, his forces were surrounded by Fretilin forces in East Timor, and he was declared missing for 12 hours. The incident created chaos in Jakarta. He reportedly managed to escape death by hiding in a hole in a grass field burned by Fretilin forces.

During his field service, the fair-complexioned man was known as a warm, sympathetic, and religious person. Col. Syamsul Muarif, commander of the Surabaya Regional Area Command who once served in East Timor along with Prabowo, described Prabowo as a person worth emulating. He said Prabowo is a highly dedicated and disciplined leader. "One of the secrets of his success in carrying out military operations was that he always prayed first before going into action. He would assemble his men, give them an encouraging talk, and ask them to pray together. I was highly impressed by these kind of things," Col. Syamsul said.

Prabowo was not born an economics professor's son for nothing. When he attended the U.S. Army Special Forces College at Fort Bragg in 1980, he became a distinguished graduate [preceding two words in English]. He was an honor graduate [preceding two words in English] when he moved to further his military studies at the U.S. Army Infantry School at Fort Benning in 1985. He also attended an antiterrorist training program in West Germany.

Laos

Prime Minister Confirms ASEAN Summit

BK0212104095 Bangkok BANGKOK POST
in English 2 Dec 95 p 6

[Report by Saritdet Marukathat from Vientiane]

[FBIS Transcribed Text] Laotian Prime Minister Khamtai Siphandon has confirmed his participation in the forthcoming ASEAN summit in Bangkok, the Thai ambassador to Laos said yesterday.

Ambassador Somphan Kokilanon said the Laotian government informed the embassy last week about the visit to Thailand by its premier.

The Laotian Premier has also requested a separate meeting with Prime Minister Banhan Sinlapa-acha during his trip to Bangkok, he said.

But the ambassador was unsure about whether the request could be fulfilled, saying Thailand is trying to

arrange a meeting between the two prime ministers even though Mr Banhan's schedule is very tight during the period in question.

Mr Khamtai, president of the ruling Lao People's Revolutionary Party, will lead a 14-member delegation to the first gathering of ten Southeast Asian leaders on December 16, a key event on the agenda for the fifth ASEAN summit scheduled to last two days.

Seven ASEAN leaders from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam will meet with their counterparts from Burma, Cambodia and Laos to discuss cooperation and preparations for the three latter countries to join the grouping.

Cambodia has confirmed that Co-Prime Ministers Hun Sen and Norodom Ranariddh will take part in the talks.

Thailand is still awaiting confirmation from Rangoon that Gen Than Shwe, prime minister and chairman of the State Law and Order Restoration Council, will represent Burma at the summit.

Laos, which has observer status within the grouping, has announced its intention to seek full ASEAN membership in 1997, the same timetable that Cambodia aspires to for inclusion.

The decision was reached as a result of the common objective of both ASEAN and Laos to build stability and security in the region, Laotian Foreign Minister Somsavat Lengsavat explained at a press conference on Thursday.

"We share with ASEAN the common objective of cooperating to bring prosperity to the region. ASEAN wants this region endowed with stability and security," he told a press conference.

"Our foreign policy and the goal of ASEAN are the same, so we are going to cooperate in areas of mutual benefit," he said.

But the Laotian minister said his country needed more time to prepare officials and develop the expertise to handle the whole range of activities in which ASEAN members are obliged to take part.

"We don't want to become a member of the organisation in name only," he added.

Laos has set up an ASEAN division within its foreign ministry and appointed officials in others to take charge of the grouping's affairs.

The country has also sent officials to train at the ASEAN Secretariat in Jakarta and to improve their English in Singapore, he said.

Laos Welcomes U.S. Bomb Disposal Aid

BK0112071195 Bangkok THE NATION in English
1 Dec 95 p A1, A3

[Report by Don Pathan]

[FBIS Transcribed Text] Vientiane — Laos will refuse no donations, American or otherwise, to a trust fund for defusing unexploded bombs left over from the Indochinese war, according to Foreign Minister Somsavat Lengsavat.

Somsavat acknowledged that Vientiane would accept assistance from its former foe, the United States, to remove bombs dropped by the U.S. Air Force from 1964 to 1973.

It was the Laotian Government's first public acknowledgement of possible American financing toward the country's bomb disposal programme.

It has been calculated that the United States launched bombing missions over Laos approximately every eight minutes and dropped some 300,000 tonnes of bombs on Xieng Khouang Province alone, an area that was considered strategically important by the communists.

The bombing of Laos was publicized far less than the war in Vietnam, and was considered a "sideshow" by Americans in Indochina.

Somsavat said he is optimistic that the United Nations Development Programme trust fund established to collect bomb disposal financing will attract donors.

U.S. Move To Resettle Refugees Opposed

BK0512042695 Bangkok BANGKOK POST
in English 5 Dec 95 p 3

[Unattributed report]

[FBIS Transcribed Text] Laos opposes the United States' current attempts to reopen resettlement interviews for Laotian refugees in Thailand because it will delay a United Nations-backed repatriation plan, a senior Laotian Foreign Ministry official said.

The official, who wished to remain anonymous, added the repatriation programme is already running behind schedule with strong doubts the estimated 6,000 Lao-tians still in Thai camps will be repatriated by a December 31 deadline.

Thuan Volasan, the acting director-general of the Laotian Foreign Ministry's Information Department, was quoted in the weekly VIENTIANE TIMES newspaper

as saying reports of possible new resettlement opportunities have "caused confusion among the refugees willing to return home and who have not yet made a decision."

He added: "The Lao Foreign Ministry views such imprudent action as an attempt to prolong the repatriation process without taking account of difficulties to solve the issue of Lao refugees."

However, the anonymous Foreign Ministry official said the Laotian government would not officially protest against the decision by the "third country" — stopping short of naming the U.S.

Thailand has said it is considering a request from Washington to interview the Laotians for resettlement in the U.S. But no agreement has yet been reached.

The number of Laotians America is willing to resettle remains unknown.

According to Thai National Security Council Secretary General Charan Kunlawanit, Thai and Laotian authorities are concerned about the Laotians whom the U.S. does not accept.

Minister Sees Gradual Entry Into Free Trade Area
BK0112101195 Bangkok THE NATION in English
1 Dec 95 p A6

[Report by Don Pathan]

[FBIS Transcribed Text] Vientiane — After Laos has joined ASEAN in 1997, it will need a grace period before it can fully participate within the context of the ASEAN Free Trade Area [AFTA], the country's Foreign Minister Somsavat Lengsavat said yesterday.

Somsavat did not give a timeframe, but said that a survey team from the ASEAN Secretariat, led by ASEAN secretary-general Ajit Singh, would visit the country in January to conduct a study to determine the time period.

Laos and Vietnam received ASEAN observer status in 1992. The latter became a full member in July, but was allocated a grace period for joining the grouping's trade liberalization plan until 2006.

"We do not want to join ASEAN just for the sake of the name," Somsavat said. "Our objective is to cooperate so that we can bring prosperity, stability and security to this region," the minister told a press conference to mark 20th anniversary of the People's Democratic Republic of Laos coming into existence.

The minister said he was well aware that, presently, Laos lacked the technical know-how.

He said officials from the Foreign Ministry has been sent to Jakarta for technical training with the ASEAN Secretariat, and to Singapore to improve their English. He also said that the ministry had invited officials from the ASEAN Secretariat to visit Vientiane to provide technical training for officials in the country.

Somsavat outlined the country's eight major working plans for between 1996 and 2000, ranging from increasing industrial production to continuing promoting and diversifying cooperation with the rest of the world.

"In order to continue developing the country, and move towards prosperity, our party and state must continue to undertake an all-around renovation programme, based on our own principles, to open up a broad cooperative relationship with the outside world and promote foreign investment in the People's Democratic Republic of Laos," Somsavat said.

Some of the major plans include the production of goods and foodstuff, the development of infrastructure, human resources, the service sector and tourism, as well as broadening external cooperation.

Thailand Listed as Biggest Investor in Country
BK0112060195 Bangkok THAN SETTHAKIT in Thai
25-28 Nov 95 p 12

[Unattributed report]

[FBIS Translated Text] A high-level source in the Foreign Investment Management Office of the Lao People's Democratic Republic (LPDR) disclosed that foreign investment in the LPDR has increased significantly. Since the opening of the LPDR to foreign investment in 1988, \$5.5 billion (137 billion baht) has been brought into the country to finance various projects. Of this amount, \$98.8 million (2.47 billion baht) was contributed by the LPDR Government for various joint venture projects.

Thirty-one countries are currently investing in the LPDR, and Thailand is listed as the biggest investor. Thai investors are operating 228 investment projects with a total capital investment of 58 billion baht, representing 42.4 percent of the total foreign investment in the country. Most of the Thai investment is made in the forms of import and export business, hotels, tour agencies, and construction consultant companies. Although Thailand is not directly involved in energy development in the LPDR, it has entered into joint ventures with other countries that possess the technologies. The second-listed top investor is the United States with 37 projects involving 45.1 billion baht worth of investment capital, representing 32.8 percent of the total foreign investment in the country. The third-listed top investor is South Korea with 15 projects involving

a total investment capital of 11,687.5 million baht, representing 8.5 percent of the total foreign investment. France invested 9,212.5 million baht in 62 projects, representing 6.7 percent. Australia invested 3,987.5 million baht in 42 projects, representing 2.9 percent. The remaining 6.7 percent or 9,212.5 billion baht is the investment from Singapore, Malaysia, Vietnam, and other countries.

Leuan Sombounkhan, vice chairman of the Committee for Planning and Cooperation, said that the current influx of foreign investment into the LPDR mostly goes to electricity energy development, the tourist industry, mining, and the development of communications systems. From 1988 to the end of this year, the total value of foreign investment in the LPDR is expected to reach \$6 billion (150 billion baht). The LPDR Government is exerting efforts to have all the projects that have received official approval implemented quickly as well as to expedite the development of public facilities and communications system to cope with the expansion of foreign investment in the country.

'Grand Rally' in Vientiane Marks National Day

BK0212123595

[FBIS Editorial Report] Vientiane Vitthayou Hengsat Radio Network in Lao at 0030 GMT on 2 December begins live coverage of a grand rally at the National Assembly Hall in Vientiane marking the 20th anniversary of the Lao People's Democratic Republic, or LPDR.

Attending the rally are Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee and prime minister; Nouhak Phoumsavan, member of the party Central Committee and president; Saman Vi-gnaket, member of the party Central Committee and chairman of the National Assembly; other members of the party Central Committee; the lord mayor of Vientiane Municipality; and representatives of mass organizations. Also participating are Buddhist monks from various levels; ministers and deputy ministers; high-level officials from the ministries and agencies and Vientiane Municipality; national heroes; senior revolutionary cadres; pensioned cadres; representatives of the national defense and public security forces; representatives of localities, districts, and provinces throughout the country; members of the diplomatic corps; and representatives of various international organizations in Laos. The total number of participants exceeds 1,000.

The rally officially opens at 0100 GMT. Khamtai Siphandon, the chairman of the ceremony, steps to the platform. A band plays the national anthem and a youth group presents him with a bouquet of flowers.

Saman Vi-gnaket reads a report listing the objectives of the gathering. The National Assembly chairman welcomes Khamtai Siphandon and Nouhak Phoumsavan as well as the other participants at the rally. Saman Vi-gnaket then invites Khamtai Siphandon to speak.

At 0110 GMT, Khamtai Siphandon begins his speech. He says the multiethnic Lao people are delighted and proud to celebrate the 20th anniversary of the establishment of the LPDR. He says the Lao people remember the great meritorious deeds of the late President Khaysone Phomvihane, founder and leader of the party and the LPDR. He expresses gratitude to the party and state leaders, cadres, combatants, and multiethnic people who sacrificed their lives for national freedom and independence and better living conditions for the Lao people.

The party chairman then reviews the historical background of the establishment of the LPDR on 2 December 1975. He says this historic event marked a great victory for the Lao people and changed Laos from a feudal and colonial country into an independent, sovereign, and self-governed country. He notes that the victory was achieved with support from the armies and peoples of Vietnam and Cambodia and with the assistance of the Soviet Union, China, and other friendly countries.

He reviews the achievements attained in various fields over the past 20 years, including national defense and construction; local administration; and political, social, economic, and cultural development. He says the country has enjoyed steady economic growth, and the national economy has grown more than three-fold since 1975. He notes that local and foreign investments in Laos have increased consistently, and investors from 31 countries have invested a total of \$5.6 billion in Laos. The party chairman reports that the living conditions of the Lao people have gradually improved, while the development of education and public health has been promoted.

He says the Lao people are pleased to see the gradual improvement of relations and cooperation between Laos and other countries as well as international organizations. He says they have gained a better understanding of the Lao principle of renovation and have provided assistance in various areas.

"At the same time, the Lao People's Democratic Republic has contributed appropriately to the tasks of enhancing peace, stability, friendship, and cooperation for the development of the Asia-Pacific region and the world," he says.

He thanks the Lao people, cadres, combatants, party members, and government as well as friendly countries

for their support and assistance over the past 20 years. He notes that although the Lao people have made great achievements in the past, Laos is still an underdeveloped country. Therefore, he says, the people must devote their full efforts to bringing more progress and prosperity to the country, especially from now until 2000.

"The Lao People's Democratic Republic will continue to implement its foreign policy consistently on the basis of peace, independence, friendship, and cooperation," he notes.

At 0147 GMT, Saman Vi-gnaket praises Khamtai Siphandon's speech and announces the conclusion of the rally.

Philippines

Bomb Threats Put Zamboanga Airport Under Guard

BK0512085095 Manila PHILIPPINE DAILY INQUIRER in English 30 Nov 95 p 16

[Report by J. Feliciano]

[FBIS Transcribed Text] Zamboanga City — The Zamboanga City International Airport has been placed under heavy guard following reported threats it would be bombed by Moro extremists.

Calso Bayabos, this city's Air Transportation Office manager, yesterday said the threats they received early this week apparently came from the Abu Sayyaf.

Chief Insp. Ibar Padao, the PNP [Philippine National Police]'s 4th Aviation District director, said his unit recently intercepted a cargo loaded with 10,000 pieces of Indian-made blasting caps on board a PAL [Philippine Airlines] flight from Manila.

Padao described the explosive materials as "sensitive" and can be used for terroristic activities.

Padao said the cargo worth P [pesos] 500,000 was intended for transport to Sulu or Tawi-Tawi but was abandoned by its carrier.

He said the latest seizure could be part of an explosives cargo consisting of a time fuse and chemicals made of potassium chlorate hidden in seven big cartons which they initially confiscated early this year.

The cargo, Padao said, was also bound for the South.

In the wake of this threat, Padao said airport security has been augmented by troops from the PNP's 9th Regional Mobile Force, soldiers from the Zamboanga International Defense Command, and an armored personnel car.

Authorities Call Mindanao Situation 'Volatile'

BK0512082695 Manila MANILA STANDARD in English 30 Nov 95 p 6

[Report by Arnold Atadero]

[FBIS Transcribed Text] The peace and order situation in Mindanao is "volatile" but there are no signs it will erupt into widespread violence "at this point in time," top Armed Forces and police officials said.

The assessment on the prevailing peace and order in Mindanao surfaced at a "command conference" between the top military and police leadership and the Commission on Elections [Comelec] held in Camp Aguinaldo, Quezon City yesterday.

In attendance were Armed Forces Chief of Staff Gen. Arturo Enrile; retired Maj. Gen. Romeo Zulueta, representatives from the departments of defense and local government, PNP [Philippine National Police] Chief Rearedo Sarmiento II, and military field commanders in Mindanao.

The Comelec was represented in the conference sought by the poll body by Chairman Bernardo Pardo, all his six commissioners, and senior staffers headed by Executive Director Rex Borra.

The two-hour long military-police briefing discussed security and the peace and order situation in Mindanao, particularly in the Muslim autonomous region, in relation to the March 4, 1996 polls in Autonomous Region for Muslim Mindanao (ARMM).

Borra said Pardo was happy over the assessment made by Enrile, Sarmiento, and the other officials, adding this would guide the Comelec leadership in its future actions and decisions vis-a-vis the ARMM polls.

Borra also said the issue on a proposal by the officer-in-charge of the Office of Muslim Affairs Dimas Pundato, concurrent adviser of the Moro National Liberation Front (MNLF) Reformist Group, was also taken up. Pundato had recommended that the ARMM polls be deferred.

Pardo said, however, preparations are geared towards holding the ARMM elections as scheduled. The chairman further told them that the ARMM elections are mandated in a law enacted a few years back by Congress.

The coming political exercise will test a new system of elections with the use of computerized counting machines acquired for P [pesos] 21 million, Pardo told the conference.

The computer machines will be pilot-tested in ARMM polls and if successful, the new system will be institutionalized in the scheduled 1998 presidential elections in the country, Borra said.

Nevertheless, the military is closely monitoring the situation in the region which may deteriorate if the ongoing peace talks in Jakarta, Indonesia, between the MNLF headed by its Chairman Nur Misuari and the Philippine peace panel headed by former AFP [Armed Forces of the Philippines] Chief of Staff and Ambassador Manuel Yan, fail to thresh out their differences, it was reported.

Official Allays Fears of 'Overheating Economy'

BK0512085495 Manila PHILIPPINE DAILY INQUIRER in English 30 Nov 95 p B8

[FBIS Transcribed Text] Contrary to apprehensions of certain quarters, the inflation uptrend is not a sign of an overheating economy but a mere result of the abnormal and volatile shifts in prices of a single commodity, specifically rice.

This was made clear by the National Economic and Development Authority (NEDA) based on the figures presented by National Statistics Office (NSO).

According to director Ofelia M. Templo of the NEDA planning staff, the October inflation rate of 11 percent even reflected a normalizing price situation from the recorded inflation level for September which was 11.3 percent.

"This should allay fears of many analysts that inflation rate in the country is once again on the uptrend," Templo said.

The official also made it clear that the country's month-to-month inflation rates from January to August 1995 have been significantly lower than in the corresponding months in 1994.

Templo said this has been the result of effective macroeconomic management during the period, which saw the fiscal and monetary sectors performing within the program agreed with the International Monetary Fund (IMF).

"The uptick in September (due to the rice crisis) is a temporary blip which we intend to correct in due time," Templo added.

She said the NEDA remains confident that the economy is far from overheating and has, in fact, not reached its full growth potential.

She added that the country's economic fundamentals continue to be sound as both monetary and fiscal performance have been well within target levels.

Meanwhile, actual base and reserve money for September and October continued to be below the program and has been maintained below the program since June 1995.

On the other hand, the country's consolidated public sector financial position from January to August posted a healthy surplus of P [pesos] 4.9 billion in contrast to the programmed surplus of P1.4 billion.

The national government is likewise doing better than the program, posting a surplus of P8.6 billion from January to September 1995 as against the programmed surplus of P9.5 billion for the said period, Templo said.

NBI Seizes \$7 Million in Pirated Software

BK0512085295 Manila BUSINESS WORLD in English 30 Nov 95 p 10

[FBIS Transcribed Text] The National Bureau of Investigation (NBI) has seized an estimated \$7 million (about P [pesos] 182 million) worth of pirated software from Beltron Computer Philippines, Inc., a leading local distributor of computer software and hardware.

In a raid at Beltron's main warehouse in Malabon early last week, the NBI, in cooperation with the Business Software Alliance [BSA], seized more than 2,700 CD-ROMs containing illegally copied software, eight notebook computers, and 35 central processing unit boxes containing unlicensed programs of BSA member companies. Hundreds of pieces of labels and packaging materials commonly used by the resellers of counterfeit software were also confiscated.

"The seizure is believed to be among the largest ever conducted against software piracy in the Philippines," the BSA said in a statement.

The packages seized included popular computer programs belonging to international software vendors Autodesk, Lotus, and Microsoft, including over 2,400 copies of Microsoft Windows 95.

The BSA said the seizure was "a near record haul of (Microsoft's) recently released operating system."

Thailand

Banhan Issues Statement on Bribe Allegation

BK0412152395 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 4 Dec 95

[FBIS Translated Text] The prime minister has issued a statement to the public and mass media explaining the reported Navy submarine acquisition plan. This issue has been covered continuously by the mass media for the past several days.

The statement says that a report in the foreign media has alleged that the Chat Thai Party and the prime minister received remuneration for the Navy plan, an allegation he has always denied. The Foreign Ministry has summoned the Swedish ambassador to clarify the matter. The Swedish Government and parties concerned, such as the Kockums Company, have also denied the allegation. Reports of a similar nature have appeared on several occasions and have amounted to fabrications. It is baffling why the Thai media has spread the report. It is clear that a trade dispute and regional political interests were the origins of the report.

As background, the Defense Ministry proposed in November 1994, during the tenure of the past government, to acquire two submarines for the Navy, but did not specify from what source or by which method. The ministry merely noted that it sought preliminary approval in order to obtain more information. It had not made a decision on a purchase. This is because no prospective suppliers will divulge specifications if there is no specific information about a buyer because submarine technology is secret. Subsequently, the Prime Minister's Secretariat sought an opinion from the Budget Bureau, which advised that the acquisition plan be postponed. General Wichit Sukmak, the defense minister at that time, complied by ordering postponement of the plan. Therefore, the acquisition plan was never submitted to the cabinet.

The current Defense Ministry has not resubmitted the plan to the cabinet. For this reason, it is now up to the Navy, the Supreme Command, and the Defense Ministry to conduct a policy review before deciding whether to seek cabinet consideration of a purchase as a national policy. Therefore, no one can say at this time whether or not the submarine acquisition is appropriate and when and from which supplier the acquisition will occur.

Moreover, the Chat Thai Party has not included in its policy nor mentioned during its election campaign its support or nonsupport for the acquisition. The previous government did not announce that it would definitely not procure submarines. Therefore, it is impossible for the company selling submarines to target its campaign at the Chat Thai Party. It is doubtful that any company would risk providing funds to a political party whose electoral success is in no way guaranteed.

In conclusion, the statement says that its purpose is not to protect the prime minister or the Chat Thai Party; the issue concerns national honor and political righteousness in a democratic system.

Navy Urged To Remove Swedish Firm From Bidding

BK0512035395 Bangkok THE NATION in English
5 Dec 95 p A1, A3

[Unattributed report]

[FBIS Transcribed Text] Former foreign minister Thanat Khoman yesterday urged the Navy to remove Swedish industrial group Kockums as a bidder for two submarines until the firm clears itself of allegations that it offered bribes to the Chat Thai Party.

Meanwhile, Kockums chief public relations officer Thomas Arosenius did not rule out legal action against Henrik Westander, the arms trade researcher and peace activist who first reported the bribery allegation.

"We are looking at all the possibilities, including suing Westander," Arosenius said.

"The past week has been dramatic for us and we had no time to ponder our response. The Swedish and world media were all over us. We were really hurt by the article," he said.

Prime Minister Banhan Sinlapa-acha yesterday made an earnest plea through an official statement for an end to what he said was the sensational treatment of the issue by the media.

Banhan's statement repeated his strong denial of the allegation which he said had caused "irreparable" damage. He said that since the submarine purchase project was shelved by the Chuan government, the Defence Ministry and the Navy have never re-submitted the scheme.

"I can't say now if our Navy should have submarines, or when we should buy them or from whom. These questions are irrelevant but people are trying to link them with the allegation," the statement said.

"The (Democrat Party) never spelt it out that it was 100 per cent against buying submarines. On the other hand, my Chat Thai Party never said whether we supported the Navy plan or not.

"So it was absolutely impossible that a submarine producer would single out Chat Thai for bribery at a time when it was not even sure we were going to be a government or not."

The Swedish parliament is scheduled to begin debating questions on the controversy today. Arosenius said the Swedish defence minister is expected to give some explanations to Parliament.

Two of the seven political parties in the Swedish Parliament have put forward questions to the Swedish Government.

According to the latest opinion poll, the two parties together have the support of 25 per cent of voters.

Thanat, who is chairman of the commission inquiring into United States drug allegations against Thai politicians, said the Thai Navy should put pressure on Kockums to sue Westander by suspending it from the short list of prospective suppliers.

The Foreign Ministry should have its embassy contact Kockums to file the defamation suit, Thanat said.

He said the Navy had made "a mistake" by announcing that Kockums still had an equal chance of winning the submarine contract despite the accusations.

Thanat said Kockums' rivals might protest if the Navy allowed the Swedish firm to participate in the bidding without clearing the allegations first.

After meeting his Swedish counterpart, Vice Adm [Admiral] Peter Nordbeck, on Friday, Navy Commander-in-Chief ACM [Air Chief Marshal][as published] Prachet Siridet said Kockums would not be ruled out as a prospective bidder.

"As long as the (Swedish) court has not ruled that the allegations are groundless, Kockums is still under suspicion," Thanat said.

"So Kockums should sue the accuser and insist that he prove his allegations or withdraw his statement."

Thanat said offering bribes constituted a criminal offence and Kockums' image would be tainted until it could disprove Westander's allegations.

Meanwhile, coalition leaders rallied behind the Chat Thai Party over the controversy yesterday, supporting a decision to take legal action against a local newspaper and backing a proposal that the Swedish accuser should be sued as well.

SIAM POST is being sued because of its "aggressive, insulting and obviously biased" reporting of the issue, coalition sources attending the meeting said.

Coalition leaders vocally supportive of the proposal to sue the Swedish accuser include Deputy Prime Minister Samak Sunthorawet and Justice Minister Chaloe Yubamrung.

"Every coalition leader supports the Chat Thai Party in its legal counter-attack on SIAM POST because nobody believes the accusation is true," a Cabinet source said.

Legal experts of the Chat Thai Party were studying the possibility of taking legal action in Sweden.

"We are checking if it's financially and politically worth it. We will also consider other options such as asking the Swedish Government to help investigate,"

said Yasothon MP Phiraphan Pharusuk, who is involved in the study.

Regarding SIAM POST, Phiraphan said it was the only paper that came up with a "Banhan devours Swedish bribes" headline without mentioning it was an allegation.

Official Admits Fishermen Poached in Malaysia

*BK0412043895 Bangkok BUSINESS DAY in English
4 Dec 95 p 1*

[Report by Staff Writer]

[FBIS Transcribed Text] A senior Thai Foreign Ministry official admitted yesterday that the Thai fishing trawler, upon which two crew members were shot dead by a Malaysian coastal patrol boat, had trespassed and illegally fished in Malaysian waters.

Wisut Tuwayanon, acting director general of Treaties and Legal Affairs, Ministry of Foreign Affairs, said upon his return from Malaysia that accounts given by Thai and Malaysian fishing crews suggested that the Thai trawler To Laksana, was trying to cut loose its trawling net to escape when approached by the patrol boat.

He said the fishermen who witnessed the incident said that when the Malaysian navy patrollers fired a series of warning shots at the rear of the Thai fishing boat, stray bullets had hit two fishermen on board the trawler. "It was obvious that our fishermen trespassed and illegally fished in the Malaysian territorial waters," said Mr Wisut.

He said that during talks between Thai and Malaysian authorities on fishing problems last week, the two sides had agreed to set up a bilateral fishing committee in order to prevent similar problems and to tighten fishing cooperation. The Thai Ministry of Agriculture and Cooperatives will appoint officials from the Fishery Department to the joint committee. A joint fishing treaty being drafted by Malaysia will be reviewed by both authorities before it is signed.

Mr Wisut said officials of the Malaysian Foreign Ministry had expressed concern over a report of a bomb threat at the Malaysian Embassy in Bangkok.

Autopsy Shows Fishermen Shot 'at Close Range'

*BK0512060195 Bangkok THE NATION in English
5 Dec 95 p A3*

[Unattributed report]

[FBIS Transcribed Excerpt] The initial autopsy on two Thais killed by the Malaysian navy clearly showed

they were shot at close range, probably with their arms raised, according to Dr Charoen Wongworachet, director of Pak Phanang district hospital in Nakhon Si Thammarat.

Charoen was speaking after conducting post mortems on the bodies of Samran Phatthanathawi and his 14-year-old son, Thawi, after arriving in Pak Phanang district yesterday.

Results of autopsies on both bodies showed powder burns around the wounds, indicating that they were shot at close range. "Gun powder can be clearly seen even after the wounds were cleaned," Charoen said.

"Moreover, it is possible that both were shot while raising their hands to surrender because they had bullet wounds under their right arms. According to my knowledge, the Malaysian navy usually boards vessels on the right side."

There are differing accounts from the authorities in both countries. Malaysia claims its navy fired only warning shots when the vessel the two Thai fishermen were on resisted an order to surrender. However, the vessel was found riddled with bullet holes.

Thai fishermen who survived the attack claimed they were not fishing in Malaysian waters when the Malaysian navy tried to apprehend them but were just using their right of innocent passage.

Thailand and Malaysia have been trying hard to ease tensions following the death of the two crewmen early last month. The Thai Government, claiming Kuala Lumpur adopted excessive use of force, recently sent a mission to Malaysia in an attempt to alleviate the fishery dispute.

The tension led to a bomb threat to the Malaysian Embassy in Bangkok. [passage omitted]

Deputy Agriculture Minister Monthon Kraiwatnusun yesterday said the Malaysian agriculture minister and fishery department director general will visit Thailand in January next year and that the dispute is expected to be at the top of the agenda.

Monthon also reiterated that Thailand should issue advisories related to fishery and territorial problems with neighbouring countries, including Burma, Malaysia and Cambodia, where conflicts occur frequent.

Central Bank, Banker View Tight Money Policy

BK0412042095 Bangkok BANGKOK POST
in English 4 Dec 95 p 17

[Report by Cholada Ingsisawang]

[FBIS Transcribed Text] The Bank of Thailand [BOT] insists its tight monetary policy can prevent inflation from spiraling out of control, although it concedes the rate is likely to top the 5.4 percent ceiling for this year.

Without the tight approach, inflation could have hit 7 percent or more, Nopphamat Manolihakun, director of the central bank's northern regional branch, said.

Mrs Nopphamat, a former chief spokeswoman of the central bank, was reacting to conflicting views on the policy which were aired at the weekend.

Chalongphop Susangkorakan the Thailand Development Research Institute's [TDRI] director for macro-economic policy said he supported the central bank and urged it to tighten its policy next year as he was concerned the soaring current-account deficit would threaten the country's economic stability.

However, some bankers, including Siam Commercial Bank president Olan Chaiprawat, disagree.

Dr Olan, calling for a review of the policy, said inflationary pressure this year stemmed from higher prices of agricultural products which were in short supply. The policy not only failed to solve this problem, but also increased business operating costs. At the same time, the policy caused liquidity to disappear leading to a bearish stock market.

But Mrs Nopphamat said the Bank of Thailand had to take a tight line because signs of overheating had emerged in the economy since the middle of last year. Lending had expanded by more than 30 percent per year. Without controls, credit could have expanded further causing problems for the economy.

The central bank had to slow down the rate of lending and ensure most of it went to productive sectors.

The policy succeeded in controlling lending. Although inflation was higher than the target, this did not mean the strategy had failed, Mrs Nopphamat said.

Uncontrollable elements had a bearing, with floods and lower farm production causing food prices to jump. Prices would decline when the situation normalised, she said.

The current-account deficit also prompted the policy of tight interest rates to ensure spending did not rise

sharply and encourage businesses to expand productions. If imports of raw materials and goods soared, the deficit would have worsened.

Savings were still insufficient to meet demand for capital, Mrs Nopphamat said. Higher investment would have increased imports of funds.

The monetary policy would be relaxed if the rate of lending and the deficit also eased. The central bank had tried to maintain liquidity by issuing bonds and through the repurchase market and loan window.

The bank had to inject liquidity into the stock market, otherwise the economy would be affected, she said.

Gross domestic product in the North dropped from 4.5 percent last year to 4.1 percent in the first nine months of this year because of the sharp drop in the rate of agricultural expansion.

However, the SEA Games would stimulate the economy of Chiang Mai and the North in general, she said.

Coalition Leaders Agree on Reform Amendments

*BK0512050795 Bangkok THE NATION in English
5 Dec 95 p A1, A3*

[Unattributed report]

[FBIS Transcribed Text] Coalition leaders agreed in principle yesterday to amendments to the Article 211 of the Constitution as proposed by the government-appointed Political Reform Committee [PRC], but questions arose over certain aspects involving HM [His Majesty] the King.

The government leaders would hold talks with party members before meeting again in two weeks time after there were differing opinions over the king's proposed role in a possible constitutional revamp.

After yesterday's meeting, PM's Office Minister Phokhin Phonlakun, who is the PRC deputy chairman, said the coalition leaders agreed to the PRC-proposed changes to Article 211, which explains how to amend the charter.

According to the PRC's proposal, a committee would be appointed to draft a new Constitution. The 67-strong committee would comprise of the House speaker, Senate speaker, prime minister, opposition leader, one representative from each of the 11 political party and five senators.

The group would then appoint 10 legal experts and political scientists and five other academics from other fields to sit on the panel. They would then select another 32 committee members from all walks of life.

After the panel completed its draft charter, it would be submitted to Parliament for approval. The draft would become law if it was passed by a joint sitting of the two chambers.

If the draft was rejected by the majority of the parliamentary meeting, but a majority of the lower House accepted the changes, it would then be submitted to His Majesty the King who would decide whether a national referendum should be held.

Phokhin said some of the leaders had questioned whether it was appropriate to ask the King for his opinions after a draft charter was rejected by a joint-parliamentary session.

Some of them also argued whether the proposed committee should touch articles regarding the King and the country's governing system, Phokhin said.

"But they insisted political reform was a government policy which should be pushed hard for," he said.

He said the leaders would discuss at the next meeting whether the proposals should be forwarded to Parliament by Cabinet or the coalition partners.

Deputy Prime Minister and New Aspiration Party leader Chawalit Yongchaiyut said he agreed in principle to the PRC's proposals, but he had to look further into the details and listen to his party's opinions.

Deputy Interior Minister and Phalang Tham Party secretary-general Sudarat Keyuraphan said the coalition leaders agreed in principle to the proposed amendments, but certain aspects were still not clear.

Article Views East Asian Cooperation Issue

*BK0412055095 Bangkok THE NATION in English
4 Dec 95 p A4*

[Article by Regional Desk: "EAEC Continues to Haunt ASEAN"]

[FBIS Transcribed Text] Malaysian Prime Minister Mahathir Mohamed said last week that he would raise the East Asia Economic Caucus [EAEC] at the Fifth ASEAN Summit in Bangkok, adding that he wanted to seek a clearer ASEAN commitment to his proposal for the Asian grouping.

If Mahathir is true to his word eyebrows would certainly be raised by the ASEAN leaders. The problem is, the ASEAN countries are not in the mood to push this idea nor are they ready to dump the much delayed plan. They are comfortable with seeing the substance side of the EAEC happen rather than the form, or the mere mention of those four letters.

In 1993, ASEAN finally agreed, despite some members' reluctance, to endorse the EAEC as a caucus in APEC [Asia Pacific Economic Cooperation], which has been under the purview of the economic ministers. Since then, EAEC has been haunting ASEAN.

Due to strong opposition from the United States, which pressured Japan and South Korea to stop supporting it, the EAEC was unable to materialize or move forward. China is the only country which is consistent in its unwavering support of the EAEC.

Washington's attitude has not changed much and it has directly affected the approach of ASEAN on the EAEC. That is why the ASEAN countries are willing only to go as far as lip service for fear of upsetting Washington, their major export market. That's the Asian way.

In fact, the idea of the EAEC has got off the ground under a different name even though it was not in the form envisaged by Malaysia.

One may not hear any reference to the EAEC when the leaders of ASEAN discuss matters with their counterparts from China, South Korea and Japan. Instead, one must follow their informal gatherings or informal lunches.

Indeed, the EAEC is currently working clandestinely within APEC. The meeting of Japan, South Korea, China and ASEAN at the recent Osaka summit was a case in point. It is a matter of time before the East Asian countries come out of their closet.

ASEAN, Japan, South Korea and China understand full well that it would not be wise for them to challenge, let alone confront, the US on this issue. So what they have done in the past three years is to go around discussing ideas and aspirations on their economic vision and cooperation without any interference or reference to the EAEC.

For instance, the enthusiasm of ASEAN, Japan, South Korea and China for the Asia-Europe Meeting (ASEM), to be held here in March 1996, is a good manifestation of their common desire for closer economic cooperation among themselves and vis-a-vis the outside world in the future. To prepare for ASEM, the senior officials from the 10 countries have been discussing and exchanging views as never before on issues of mutual concern.

As of now, the Asian side has already taken common positions on a broad range of issues, including political and security issues. Come March 1996, the Asian countries will present these well-coordinated views to the leaders of the EU, which will be a more comprehensive forum for addressing issues of mutual interest than APEC. Therefore, what emerges or transpires in

the first ASEM will only further strengthen and broaden the relations between ASEAN and the three East Asian economies.

The above results would not have been possible if everything had been carried out under the umbrella of the controversial EAEC. Well, who cares whether it is a black or white cat as long as it catches mice, so goes the Asian wisdom.

For Malaysia, the first ASEM represents a major victory because the faceless EAEC has now already achieved its longstanding objective of promoting consultations on economic matters between the countries of East Asia. Kuala Lumpur worked hard and succeeded in preventing Australia from taking part in the first ASEM. It might not succeed next time as nobody knows what the outcome of the Asem in March will be or what the future of its membership is.

So far, the EAEC has served Malaysia well. Now the East Asian economies, as a group, are speaking directly to European Union economies, which is considered a big leap forward given the EU's anathema towards anything controversial. In return, Europe is hoping to use its closer economic ties with East Asia as a bargaining chip against North America in the future.

Another reason why ASEAN would like to keep the EAEC as it is now is the outcome of the Osaka meeting. It is evident now that the APEC process is not going to move as fast as it did two years ago, so it will give the ASEAN countries a period of respite to reassess their economic cooperation. Next week's Bangkok Summit will provide that opportunity.

As ASEAN moves towards trade liberalization, its members realize that any delay would hamper their economic performance, not only because of the dynamic APEC but also because of the globalization of the trading system. It is not surprising, then, that the agenda of the ASEAN Free Trade Area (AFTA) reads like APEC's programme of action. For instance, both ARTA and APEC are working on cooperation in trade and investment, intellectual property cooperation, custom harmonization and dispute settlements.

In addition, ASEAN has also tried to catch up with APEC's cooperation in human resources development, which has been one of the weakest areas of ASEAN's functional cooperation. The Bangkok Summit declaration should highlight, for the first time, the importance of HRD cooperation among ASEAN members. Meanwhile, ARTA is also promoting cooperation in infrastructure, including telecommunications and transportation, which is APEC's priority as well. These efforts,

both in the ARTA and APEC context, are also part of the agenda of the World Trade Organization.

In the past, because of the sensitivity of APEC, ASEAN members decided to go their own way, forging their own positions without any coordination or consultation. It has been only recently that ASEAN has moved closer on the issues of APEC after Malaysia made a strong representation at the annual ASEAN meeting in July in Brunei that ASEAN was no longer acting together on anything, let alone APEC and the EAEC. Then again, ASEAN does not want to show off.

Given the trend of increased cooperation among the East Asian economies, it would be wise for Mahathir to keep his cool on the EAEC. Let the ghost of the EAEC continue to haunt ASEAN as the grouping, so it seems, is satisfied with the current arrangement.

Editorial Urges Eliminating 'Vote-Buying'

*BK0512050395 Bangkok BANGKOK POST
in English 5 Dec 95 p 4*

[Editorial: "Another Fine Mess and How to Avoid It"]

[FBIS Transcribed Text] Corruption in public life has established itself so firmly that candidates of ill-repute are winning office with the votes of the educated but disaffected. The perverse notion that the unusually wealthy — or should we say the successfully corrupt — are to be admired for their brazen greed has also begun to take root.

Time after time, the corrupt and the sometimes plain stupid are returned to Parliament with a private mandate to do exactly what they like for the maximum personal gain. It would not be difficult to compile a list of politicians who are simply not suitable: the corrupt, the criminal and a certain number with blood on their hands for their behaviour during dictatorships.

Look beyond Parliament to the problems confronting this country: we hardly need reminding of AIDS, flooding, traffic, the stock market, inflation and the mess that we call our relations with some of our neighbours. A picture that is not good is made bleaker when our gaze returns to Parliament in the search for honest people with the ability and dedication to pull us back from the brink.

Certainly there are good MPs but they are few in number and their voice is seldom heard because money speaks louder than words. It is profoundly depressing and in the near term dangerous.

The system of political patronage must be consigned to the dustbin in the manner prescribed in the Government's political reform pledge, which must not be

allowed to drift into oblivion. The longer the politicians delay, the more the country will suffer, and it is not just the Government that is to blame. Democrat wavering and fudging is as bad as government obstruction. They have the same effect; the country will remain in a political morass and the people, of course, will pay.

So, that is the bad news. The good news is that a tentative tip-toe — we hesitate to describe it as a step — has been taken on the road to reform and there is an abundance of people of good standing waiting to enter a purged political arena. So dirty has our system become that the honest leaders our country needs recoil at the prospect of standing in an election in which disgraceful episodes of a Buri Ram nature are considered normal.

We need mention no names but as easy as it is to compile a list of bad ones, so is it easy to compile a list of good ones. All we need is a level playing field which can only be brought about by political reform.

Brighter elements in the Democrat Party have come up with a proposal to adopt a system of partial proportional representation to open the door to the people we need. The general idea is that the good people enter their names on a list which their party would put to the voters nationwide. Two-thirds of candidates would come from the old, direct election system but the listed candidates would account for the balance.

Proponents argue that a combination of party representation and direct, or single-seat constituencies, would open the door to the right people and militate against vote-buying. Furthermore, if a resident of say, Loei, considers candidates in one list as good material for the Cabinet, he/she can contribute to that party's success. Once directly-elected MPs realise they have paid dearly for seats while listed candidates have paid nothing, they just might start doing their sums.

Proportional representation, apart from being a mouthful, has tended to be a term that makes people throw up their hands in horror at the complexity of it all.

In no small way can we blame our politicians for confusing the issue and in some cases deliberately misleading the people. It is simply a system in which each party is represented in Parliament in proportion to the number of people who vote for it. That's all. It works and can only be an improvement.

Vietnam

Foreign Minister Views Do Muoi's PRC Visit

BK0412143495 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 4 Dec 95

[Interview with Foreign Minister Nguyen Manh Cam by unidentified station correspondent; place and date not given—recorded]

[FBIS Translated Text] [Correspondent] Comrade Foreign Minister, you were one of the official Vietnamese delegation members during the recent official friendship visit to China by party General Secretary Do Muoi. Could you please comment and appraise the results of this visit?

[Nguyen Manh Cam] This was the second visit to China by our party general secretary and the fifth high-level meeting between leaders of the two countries since the official normalization of relations between Vietnam and China in November 1991. In implementing our foreign policy of self-support and of diversifying diplomatic activities, we have attached great importance to relations with neighboring countries and with those in the region, and especially to strengthening relations with China, which has time-honored traditional relations with our country. We have also contended that the firm and steady development of Sino-Vietnamese relations will serve the interests of the two peoples and will also help to strengthen peace and stability in the region.

In international relations, a high-level visit like this one is a significant event that marks an important development in relations between the two countries. It also helps to create a guideline and basis for promoting relations between nations. Stemming from this spirit, we have highly appraised this visit to China by our party general secretary, especially the talks between General Secretary Do Muoi and President Jiang Zemin and other Chinese leaders. During the talks, General Secretary Do Muoi stressed some concrete directions to promote relations between the two countries—especially in the trade and economic areas—on the basis of the enhanced development over the past four years.

[Correspondent] During talks between the two delegations and in separate talks between the two leaders, Do Muoi and Jiang Zemin raised issues relating to the land border, the Tonkin Gulf, and the Truong Sa [Spratly] archipelago. Could you elaborate the policy of the two parties and states in resolving these issues?

[Nguyen Manh Cam] As you know, Vietnam and China have encountered issues related to the land border, the Tonkin Gulf, and the Eastern Sea [South China Sea]. Regarding the land border issue, we have made some progress in recent talks between the specialist delega-

tions of the two countries. On the basis of this progress, both sides have reached agreement on various principles to open the border rail route. Representatives of both sides have signed an agreement, in principle, to serve as a basis for the Vietnamese Ministry of Communications and Transport and the Chinese Ministry of Railways to discuss and implement the opening of the border rail route. The early opening of this rail route will be a benefit to both sides.

Moreover, to create a favorable atmosphere for resolving the land border issue in order to achieve the signing of a treaty on this problem as soon as possible, both sides have agreed that all conflicts at the border areas should be resolved quickly and on the spot. We believe that differences between the two sides over the land border issue will be resolved quickly after this high-level meeting and with these concrete directions.

Regarding the Tonkin Gulf, the two sides agreed that they would continue to have the two teams of experts conduct their meetings and that the two sides would advance their specific proposals on border delineation for discussion in order to undertake talks more practically and to promptly arrive at an agreement in a fair and reasonable fashion.

Regarding the existing problems over the Eastern Sea, our general secretary also reasserted that as the Paracels and Spratlys [archipelagoes]—which are under Vietnamese sovereignty—have now become disputed territories, Vietnam is very willing to resolve these disputes in order to guard the legitimate interests of each side and to contribute to regional peace and stability at the same time.

The dispute over the Paracels between China and Vietnam will be resolved by both sides. As the dispute over the Spratlys involves six claimants, it will be resolved on the basis of an agreement reached by six sides. During this process, we can, of course, hold bipartite, tripartite, or multipartite meetings to exchange views. In view of this issue, both sides agreed that, in order to tackle this issue, we must speed up the talks by those existing expert teams—the first meeting of which was held last November—to discuss the substance of the matter. Both sides also realized that this issue cannot be resolved quickly. Instead, it must be resolved step-by-step if we are to reach a fundamental and long-lasting solution.

[Correspondent] Finally, Minister, could you give us your impression of the welcome accorded to the delegation and also of the friendly relations between the two countries during the friendship visit to the PRC by General Secretary Do Muoi and his entourage?

[Nguyen Manh Cam] Regarding the welcome, it must be acknowledged that the Chinese side accorded a cordial and grand welcome to our general secretary and his entourage, during which a highly open-minded atmosphere was created. The exchange of views was also conducted in a spirit of open-mindedness and friendship. In Beijing, the central level, and in the various localities that the delegation visited, such as Tianjin and Shanghai, the leading comrades and people of these localities also appeared to be very hospitable in welcoming our general secretary and delegation.

To make a long story short, it can be said that we agreed on certain issues during this visit by our general secretary and were able to create some avenues of approach and some motivating forces to promote the further development of bilateral relations. At the same time, we were also able to create some basis for resolving outstanding issues gradually.

It must be admitted that General Secretary Do Muoi's recent visit to China produced good results because it succeeded in strengthening mutual understanding between the two countries. On the basis of increased mutual understanding, it is hoped that the cooperative relations between the two countries will be promoted and that outstanding problems will be gradually resolved in order to contribute to the further strengthening of relations between the two neighboring countries of Vietnam and China.

[Correspondent] Thank you, comrade.

Vo Van Kiet Discusses Improving Health Sector

*BK0512133395 Hanoi VNA in English
1228 GMT 5 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec. 5 — Prime Minister Vo Van Kiet discussed ways and means to improve the quality of the health sector with leading medical workers on December 2nd.

They noted that the sector has faced a lot of problems, especially the downgraded quality of medical treatment and poor health facilities in many parts of the country due to the growth of a multi-sectoral market economy in recent years.

Vo Van Kiet told public health leaders that efforts should be accelerated to modernize the national health-care network with priority being given to re-organizing and streamlining medical treatment systems, especially clinic hospitals across the country.

He said 'More investment should be accorded to the improvement of medical check-up and care quality by upgrading all medical facilities and providing advanced technical equipment'. He also added 'The Health Min-

istry should strive to build two specialized medical centres in Hanoi and Ho Chi Minh City before the turn of the century'.

Vo Van Kiet revealed that in the near future, all medical clinics and hospitals attached to various ministries and government offices are to be placed under the administration of the Health Ministry. He urged the ministry to consolidate and upgrade the local medical service network, especially at the district and provincial levels, so as to help provide the local population with medical check-ups and care near their villages and also help to reduce the growing flow of patients to central clinic hospitals in Hanoi, Ho Chi Minh City as well as other cities throughout the country.

'Priority should be given to primary health care, disease prevention and plague control, especially leprosy which must be eradicated in the near future,' the prime minister stressed, noting that sustained efforts should also be stepped up to boost traditional medicine development.

'It is essential to build a policy of national drug development and make full use of medicinal herbs available in many parts of the country, ensuring sufficient materials for medicinal production for domestic use as well as for exports,' Mr Kiet said.

Of late, the prime minister has approved a project to finance USD [U.S. dollars] 124 million for public health development in the 1996-2000 period.

The project aims to support programmes to combat tuberculosis, malaria and respiratory diseases. The money will be also invested in building a health care model to be applied in mountain hamlets as well as promoting a primary healthcare programme in 15 provinces, mostly mountain provinces and areas.

Radio Commentary Praises Friendship With Cuba

*BK0512035995 Hanoi Voice of Vietnam in English
1000 GMT 4 Dec 95*

[Station commentary]

[FBIS Transcribed Text] Cuban Party and State Leader Fidel Castro is to visit Vietnam soon. Following is our comment on relations between Cuba and Vietnam:

Cuban President Castro is always the best friend of Vietnamese people. He officially visited Vietnam in September 1972. Since then, besides numerous compound changes in the world, the friendship between Vietnam and Cuba has witnessed no change. The coming visit to Vietnam by President Castro is another main factor for the durable friendship.

The two countries plan a summit meeting to consolidate and further strengthen the special friendship, solidarity,

and cooperation between the two countries. Vietnam and Cuba officially set up diplomatic relations at the end of 1960. Over the past 35 years, both sides have always stood side by side to share the ups and downs, even in the hardest times. The Vietnamese people will never forget the precious support and assistance that the Cuban people gave Vietnamese people against foreign invaders. Cuban President Castro declared that for Vietnam, Cuba would sacrifice its final drop of blood.

Today, Cuban people face a number of difficulties in economic development. Vietnam never forgets its friends and we have committed various activities to help Cuba over the difficult period.

In recent years, the two countries have sent economic and cultural delegations to each other to promote cooperation and Vietnamese leaders continue to visit Cuba. They included former Prime Minister Mr. Pham Van Dong, late President Truong Chinh, former Party Leader Nguyen Van Linh, Prime Minister Vo Van Kiet, and very recently, President Le Duc Anh. These visits have contributed to the strengthening of relations between Vietnam and Cuba and at the same time, showed Vietnam's concerning policy and sentiment toward Cuba.

Cryptology Branch Achievements Reported

Branch Officials Discuss Activities

962E0001A Hanoi NHAN DAN in Vietnamese
11 Sep 95 p 6

[Article by Dao Van Gia, deputy director of the Government Cryptology Department: "The Cryptological Service Satisfactorily Ensures Confidential Communications of the Party and State"]

[FBIS Translated Text] The Vietnamese Code and Cipher Service (now the Vietnamese Cryptological Service) came into being on 12 September 1945, only 10 days after the founding of the Democratic Republic of Vietnam. The first code and cipher organization was established in the Vietnam People's Army General Staff, and other code and cipher components were subsequently formed in the Office of the Party Central Committee, the Prime Minister's Office, the Public Security Department, the Ministry of Interior..., forming a system of code and cipher organizations from the center down to the localities and grass-roots units throughout the country. Together with the signal and communications system, this system of code and cipher organizations has firmly maintained the unity and confidentiality of the communications arteries of the party and state leadership in all field of activities nationwide.

Armed with nothing except an ardent patriotism, the cadres and employees of the cryptological service built up a system of organizations and trained cadres and personnel. Especially, they carried out research and invented various cryptological techniques suitable for the structure of the Vietnamese language and for practical use in Vietnam, thereby promptly responding to the extremely pressing demand for maintaining the confidentiality of the party's and state's instructions in the fierce struggle against the internal enemy and foreign aggressors, for strengthening the administration, and for building the political and armed forces. Cryptology cadres and personnel secretly and timely conveyed combat plans and orders of the High Command as well as the contents of the Public Security Department's and Interior Ministry's messages on eliminating puppet administration officials, liquidating traitors, and ensuring political safety to localities and grass-roots units, thus making very important contributions to the success of the struggle in the early years of the war of resistance against the French colonialists and to the protection of the party and the revolutionary administration.

The cryptological service is a special secret scientific-technical branch with the function of using the cryptological technique to protect the confidentiality of the directions and instructions of the party and state and to counter all enemy attempts and tricks to collect cryptological intelligence. Throughout the two wars of resistance for national salvation as well as in the building and defense of the socialist homeland, the task of ensuring the contents of the directions and instructions of the party and state and of the various sectors and echelons has always been tightly, smoothly, and timely organized and carried out in all domains of the revolutionary struggle for national liberation, for consolidating the revolutionary administration, for socioeconomic building and development, and for the development of external relations. Faced with weighty, complicated, and urgent tasks full of hardships, sacrifices, and fierce trials, and with the complex development of the struggle in the domain of secrecy preservation and code and cipher, the cryptological service has constantly striven for a profound understanding of the party's line, policies, and revolution tasks; has gradually perfected the guidelines for correctly building the service; and has devised plans to make the service steady and strong in all respects, thereby ensuring that cryptological work is closely linked with the immediate task and, at the same time, ready to meet the demand of the long-term, basic task. The service has developed a contingent of cryptology cadres and employees who are politically reliable, highly skilled, and capable of meeting the demand of the development of the party's and state's political task in all stages of the revolution. The service has also in-

creased the contingent of scientific and technical cadres and has carried out research into the human resource strategy in order to meet the demand of building the cryptological service into a regular, modern organization. In recent years, the cryptological service has actively invested in building the material and technical base in support of research. It has promoted technical development, trained cadres, produced equipment, manufactured Vietnam's own cryptological machines, studied and gradually improved the system of management and guidance regulations to make them suitable for the development of the cryptological service.

In the process of building, fighting, and growing, the cryptology cadres and employees have been educated by the party, have consciously trained to improve themselves, and have continually and fiercely fought and won glorious victories in the struggle to preserve the party's and state's secrets, thereby building the Vietnamese cryptological service's tradition of "Loyalty, Devotion, Unity, Discipline, and Creativity." This tradition reflects the service's revolutionary character, which stems from its profound awareness of the party's ideal, from the nation's indomitable will, and from the patriotism, intelligence, and talent of the contingent of cryptology cadres and employees, persons who volunteer to fight selflessly for the revolutionary cause and for the preservation of the party's secrets. This tradition has been an aggregate strength for the cryptological service to satisfactorily fulfill its tasks, for which it has won the trust and affection of the heads of various sectors and levels and has been highly appreciated and awarded numerous orders by the party and state.

Equipped with a profound understanding of the party's line and basic viewpoints, the cryptological service has carried research to improve the viewpoints and ideas governing the building of the service. These viewpoints and ideas, which consist in the thorough understanding of the offensive strategy and correct political line of the party, together with the effective development of the energy and intelligence of the cryptology cadres and employees, will help create strength for the service to fulfill all tasks in the domain of building. This is aimed at ensuring the purity of our cadres and the initiative of our cryptological techniques in countering the espionage, intelligence, and cryptological information gathering efforts of the enemy, so as to protect the safety of our cryptology and state secrets.

On the basis of a thorough understanding of the guiding concepts of the party's line and viewpoints, the cryptological service successfully resolved the problems of building a special secret scientific-technical branch with a particular character in the historical conditions of the

revolutionary war in our country against an enemy with great potential and modern science and technology.

In meeting the demand of its tasks in the new stage of the revolution, when the country is undergoing far-reaching changes in the renovation process, the cryptological service enjoys numerous basic advantages in carrying out its duties. However, there still remain many difficulties; in particular, the information and computer science explosion is one of the challenges facing every cryptology cadre and employee. This calls for an all-out effort and high resolve on the part of each person in carrying out the task of building and developing the cryptological service.

All the cadres and employees of the Vietnamese cryptological service pledge to continue bringing into full play the revolutionary nature and fine tradition that the service has developed over the past 50 years, always sharpen their vigilance, ceaselessly strengthen their will to fight, uphold their love for the country and socialism, firmly maintain their revolutionary quality and virtues, resolutely eliminate all manifestations of negativism, and build the service into a truly pure, strong, and reliable organization. They will constantly learn from past experiences in the process of building, fighting, and maturation in the past 50 years, and unceasingly improve their management and leadership capability in order to steadily strengthen the Vietnamese cryptological service, thereby ensuring that it will outstandingly fulfill its political task in the new stage of the revolution.

Military Daily Discusses Branch Activities

962E0001B Hanoi QUAN DOI NHAN DAN THU BAY
in Vietnamese 16 Sep 95 p 7

[Article by Quoc Viet: "50 Years in Operation of the Vietnamese Cryptological Service: Working in Silence As Time Goes By"]

[FBIS Translated Text] There is a organization that has existed for 50 years but is seldom mentioned, its personnel quietly attending to their duties, working in silence as time goes by. That is the Vietnamese cryptological service.

Only when I paid a visit to the memorial hall of the Government Cryptology Department did I came to realize that the meritorious services rendered by the successive generations of cadres, combatants, and employees of the cryptology branch have been by no means insignificant. The cryptological service is a special secret scientific-technical branch the function of which is using the cryptological technique to protect the confidentiality of the contents of the party's and state's directions and instructions and to counter enemy

attempts and tricks to collect cryptological intelligence. Over the past one half century, the service has encoded and transmitted hundreds of millions of messages in a confidential, timely, and accurate manner. Working quietly, the combatants of the cryptological service have made contributions to all domains of activities—military, diplomatic, economic.... I stood in the middle of the memorial hall, before a large board bearing the names of more than 600 names of the cadres, combatants, and employees of the service who had laid down their lives on the various battlefields. Most of them were young, coming from all parts of the country. Some died just a few days after the Vietnamese cryptological service was founded (12 September 1945).

The leaders of the Government Cryptology Department told me that, in reality, the number of cadres, combatants, and employees killed in the line of duty is even higher. Various sectors, services, and localities throughout the country are searching for their comrades-in-arms who have died silently to protect secrets. For 50 years the Vietnamese cryptological service has outstandingly carried out venerated and esteemed Uncle Ho's instruction that "Cryptological work must be confidential, fast, and accurate." During the war of resistance against the French colonialists, Cryptology Combatant Doan Thi Chat had transmitted information in a timely and accurate manner to the party committee echelons, enabling them to lead the masses in struggle. When her underground shelter was discovered by the enemy, she calmly destroyed documents and obstinately fought back, resolved not to be captured alive. She died when still very young. In the war for the defense of the borders, when his units was encircled by an enemy division, Combatant Ngoc staunchly fought to the last bullet. Before dying, he still managed to transmit a report on the situation and bid farewell to his comrades in arms.... The 600 cryptology cadres, combatants, and employees who died silently to prevent state secrets from falling into the enemy's hands will live forever along with the tradition of the service. On the fierce battlefield of Quang Nam-Danang during the 1968-1973 period, up to one-fifth of the cryptology cadres and combatants in the area were killed. To this day, many of their graves are still not found. The information transmitted confidentially, timely, and accurately by the cryptology bureaus of the Party Central Committee's Office and the Foreign Ministry have met the demands of the party in exercising its leadership and guidance, thus enabling it to achieve success on the battlefield and at the negotiating table. Cryptology workers have encoded and transmitted hundreds of millions of secret messages and letters of the Party Central Committee and government, including many important party resolutions. I once made an "express" trip from Hanoi to Mong Cai. Driver Nguyen

Duc Long knew the area very well, because he had on many occasions made "express" deliveries of documents to Quang Ninh. Talking with Do Van Quang, head of the local cryptology office, I learned that in recent years the cryptology cadres, combatants, and employees of Quang Ninh have had to overcome numerous difficulties and hardships. The province covers a vast area and many localities, and the roads are bad, but the cryptological service is firmly maintained. Hai Ninh District is a fairly complex locality, but cryptology worker Nguyen Van Khanh has satisfactorily fulfilled his tasks. In 1979, he worked at the party committee of Binh Tri Thien Province. After that was sent to Cambodia to carry out his international duty; then he returned to Quang Tri and went on to Hai Ninh. Khanh is a native of Thai Binh, but he can visit his wife there only once every few months; as his salary is limited, after each visit he has to worry about paying his debts. Yet, he always outstandingly fulfills any tasks entrusted to him. Enterprise 951, a firm specializing in producing documents for the cryptological service, was set up in 1951 under the management of the General Staff and later transferred to the Government Cryptology Department. The work of this enterprise is highly repetitious and done in silence. Among its personnel are dozens of women from 45 to almost 50 years of age who have never been married—a fact showing how great the sacrifices these women have made.

I have asked the officials of the Organization Division of the Government Cryptology Department a couple of times: How could it be that the Vietnamese cryptological service does not have any heroic collective or individual? The officials just laughed and said: Since cryptology is a secret sector, we cannot talk about its achievements.

The Vietnamese cryptological service has begun to be provided with modern equipment. But, it would be a gross oversight if we fail to mention the cadres who have laid the foundations for the building of the cryptological service. They were Comrades Nguyen Chanh Can, Vu To Hoang, Danh Tra, Hoang Van Dong, Bui Thi Loan, Hoang Dao Thuy, Ta Quang De, Hoang Thanh, and Luong Dan. Starting from scratch, these comrades had carried out research and had created cryptological techniques suitable for the structure of the Vietnamese language, thereby promptly meeting the pressing demand of ensuring the confidentiality of the party's and state's directions and instructions.

Over the past one half century the Vietnamese cryptological service has built the tradition of "boundless loyalty to the party and fatherland, selfless devotion to the protection of the party's secrets...."

With that tradition, the Vietnamese cryptological service is integrating into the trend of national modernization and industrialization and to familiarizing itself with the world's modern cryptological techniques.

Military Institute Activities Reported

962E0003A Hanoi NHAN DAN CHU NHAT
in Vietnamese 8 Oct 95 p 6

[Article by Le Hao: "Military Technical Institute, Then and Now"]

[FBIS Translated Text] I am lucky to have been closely associated with the Military Technical Institute since the times of the anti-U.S. War of Resistance. This is a research center that once effectively contributed to the efforts to counter the most modern weapons and means of the United States; now, it is making practical contributions to the building of the Army as well as the national economy.

The research laboratory and the battlefield

During the Vietnam War, the United States made the maximum use of the latest achievements in the fields of electronics, microelectronics, physical techniques, and automation to create a generation of superior weapons and equipment in the hope of interdicting all movement of aid from the North to the South. The Americans saturated the Truong Son Route with sensors called "Tropical Plants," enabling their aircraft to bomb any places our vehicles and men passed through. U.S. AC-130 planes could accurately fire their rockets even when our trucks moved at night with all their lights turned off. Then there were booby-trapped bombs and "smart bombs" that were sown along all the roads to the South, all waterways, ports, river landings to persistently stop our truck and boat convoys carrying supplies to the aid of the great frontline. We were faced with considerable difficulties and suffered no insignificant losses. In the 1970 dry season alone, up to 25.65% of our trucks were lost.

At that time, on the road and river sections strewn with bombs and mines, we journalists often saw military scientists work together with Army engineers and Assault Youth members in studying and collecting these highly dangerous strange devices and taking them back to the laboratories. It was quite difficult to unlock their secrets because they were equipped with anti-disassembly and self-destruct mechanisms. Three engineers and a worker lost their lives before the operating principles of these devices were uncovered.

These were "electronic reconnaissance" devices built to record and relay shock waves traveling on the surface of the ground. These were "electronic guidance equipment"

installed in aircraft weapons systems used to attack our truck convoys. These were bombs fitted with fuzes that were triggered by fluctuations in the magnetic field. Nothing was more gratifying than being able to uncover the secrets of the operating principles of these devices. Using only available—and sometimes even rudimentary—means operated by soldiers and conscripted laborers, we had managed to neutralize the most modern U.S. electronic instruments.

In 1972, the U.S. war of destruction reached its peak. The U.S. improved the powerful jamming equipment carried by their aircraft to "blind" our radar, dropped foil to cover up B-52 flights and detonate our missile warheads, thereby creating favorable conditions for its air force to attack our cities and industrial centers. At the time, from the head of the Military Technical Institute down to its engineers, everyone was sent to Army units, radar stations, and missile positions to study the various kinds of jamming techniques and jamming equipment, to meet with missile officers and spotters, and to exploit captured enemy pilots. Thanks to these efforts, we were able to draw correct conclusions and inform units of the most effective ways to counter the enemy measures. The results of the researches conducted by the institute had made no small contributions to the victory of the "Battle of Dien Bien Phu in the Air."

We all have heard of the exploits of the sappers who secretly attacked enemy airfields, ports, and depots; of the rocket-carrying artillery troops who stealthily penetrated deep into enemy territory to destroy major U.S. military bases; of the RF "Fire Dragon" flame-thrower that burned down thick layers of enemy fences so that our infantry could attack; of the heat-seeking missiles that destroyed enemy aircraft and pierced the armor of enemy tanks; and of the various types of deadly bombs and mines. All these were the products of the efforts and gray matter of the contingent of cadres of the Military Technical Institute.

Life and scientific topics

Shifting from war to peace, from the period of state subsidies to that of economic renovation, the path of advance of the Military Technical Institute was not a smooth one. At times, the institute seemed like a boat wallowing in a rough sea. The lives of its cadres and workers were full of difficulties; a number of its engineers had to carry soldering-irons around to work in a second job after hours. If the institute had followed the old practice of waiting for the upper echelons to assign new work and research subjects, it would have courted collapse and a brain drain. What to do then? The institute set out to solicit suggestions in a democratic manner, held discussions at the grass-roots level both

within the party and among the masses. Finally, it reached the following conclusion: There was no lack of work in the field of serving the armed branches and services and various units: in fact, there was plenty of work to do. The only problem was that everyone had to stay close to the units and life in order to find subjects for their research efforts. The institute did not sit idly waiting for work assigned by the upper echelons upper, nor did it contract out research subjects to the lower echelons or provide them with operating funds. Each branch, each installation, each person of the institute had to stay close to various units to find out the subjects the must research into in order to serve these units.

Having determined the right direction to follow, the institute found that there was much work to do. After the war ended, there was a considerable amount of weapons and equipment needing repair, many of them having only a few minor malfunctioning parts which, if not replaced, would cause a waste of the whole piece of equipment. All cadres of the institute were dispatched to various units to conduct research and engage in manufacturing. They took party in restoring a considerable amount of ammunition, missiles, aircraft, vessels, vehicles, and communications equipment. There were radar stations that degraded and broke down, and we could not use foreign currencies to buy new ones. The ultrahigh frequency technical center successfully manufactured ultrahigh frequency components, low-frequency static amplifiers, ultrahigh radio wave conductors, oscillators, direction rotating knobs..., thereby helping restore many of those radar stations. But the institute did not stop there. It also carried out research into and produced various types of antenna for military and civilian use and successfully installed satellite reception-transmission stations to serve the people and soldiers in the highlands, at the border regions, and on the off-shore islands.

"Scientific cadres must have a heart; the things they make are the products of man," said Nguyen The Nghiem, director of the Petrochemical and Additive Center. "If we want to keep weapons in good condition and to use them for a long time, there must be contributions by the scientific cadres. Our country is situated in the tropical zone, and the humidity is very high. Thanks to our research we have found substances that exist in water and substances for used exclusively with special motors, and we have advanced to jointly building chains of equipment for the maintenance of vehicular engines and machines; to using insulating-paint method in installing these chains; and to effectively using the EES-30 insulating paint anticorrosive substances in Army units, factories, and warehouses." Very unhappy at seeing that tens of thousands of optical lenses

were growing moldy, Ms. Phan Minh Hieu and cadres of the Chemistry Department of the Military Technical Institute worked together to discover DMP, an antimold chemical, thus helping make the lenses as clear as new ones.

Mr. Bui Huy Hoang, head of the Electronics Institute, told me that at first he himself was confused and did not know what the electronics branch should do when the countries around us had started out from 30 to 50 years before us. But, after some groping the institute had found the right direction; since then, the it has got more work than it could handle. Among its work have been the construction of a rapid warning network and the building of command equipment, data communications systems at various command posts of the Defense Ministry and various units. The institute has advanced to producing scramblers, underwater interphones, automatic radio receivers, and radio locating devices. It has also participated in the software production programs in service of various units.

Scientific research into practical, highly essential subjects that exactly satisfies the needs of the units is an effective means to convince these units to spend money and materials and to turn to the Military Technical Institute for assistance. The institute considers providing quality service to Army units to be its foremost duty; it does not pay attention to profit sharing, nor does it aim solely to make a profit. Professor Major General Tran Thuc Van, MS, head of the Military Technical Institute, is a dynamic person credited with numerous scientific research projects, told me: "To create an environment for the more than 400 PhD's, MS's, and engineers of the institute to carry out scientific projects is a struggle full of hardship. In fact, there is no other way to create jobs and to preserve the gray matter. Only by working can we obtain capital for re-investment and pave the way for the institute to move forward." Professor Van said that in addition to the Army market, there is another and even bigger market, namely the service to the people and important state projects. Many products of the Military Technical Institute have won gold medals at international exhibitions and have become very popular, such as electronic watches, water meters, tiny communications devices, sea water filters, TV antenna amplifiers, medical laser equipment.... The institute has developed unique technologies which are highly appreciated, such as the zinc plating technology, the technology applied in the building of the 500-kilovolt power line, the waterproof polymer reinforced concrete technology used at the Hoa Binh Hydroelectric Power Plant, industrial explosives, electric conductive paint for industrial use, and computer science applications. Concerning the zinc plating technology, the institute has built 18 chains to

plate 20,000 tons of electric poles with steel produced by the Thai Nguyen Steel Mill. This was high-quality work comparable to the work done by Korea. The institute won 50% of the total amount of work in the building of the 500-kilovolt power line, thus helping save a great deal of foreign currency for the state,

Self-reliance is the path followed by the Military Technical Institute. Its strategy consists in obtaining capital for ever greater re-investment in research projects in service of national defense and the national economy. In 1992-1993, there were 241 research subjects in service of national defense; in 1994, there were 265 subjects. It is certain that in 1995 and the coming years, this number will steadily increase and the quality of research will also be higher.

The Military Technical Institute is not only a scientific research center; it is also a Army training center for post-graduate students. From 1980 to 1994, 34 of the 60 post-graduate students at the institute successfully defended their MS theses there.

Basic Principles of Civil Code Discussed

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[Article by Dao Tri Uc, Director of the State and Law Institute: "Some Basic Issues Concerning the Civil Code of Vietnam"]

[FBIS Translated Text]

The Role of the Civil Code in Social Life At Present

In all periods of time and in any nation, the presence of a constitution and a civil code is always an obvious evidence of economic development and of special importance attached to the management of society by law, the development of democracy, and sociopolitical stability. If the Constitution is the basic law of the state—a document of a political and legal nature—the Civil Code is a legal document that occupies the central position in the entire regulatory system of our state. The Civil Code comprehensively substantiates Articles 15, 50, and 57 of our Constitution: *The State develops the multisectoral commodity-based economy according to the market mechanism, under the state management, and along the line of socialism.*

First, the Civil Code reflects the trend of the national economy toward increasingly expanding the production of commodities and emphasizes the commodity-based nature of economic relations. One of the most important functions of the code is to promote civil relations and contribute to creating a unified commodity market nationwide. All commodities and services and all forms of financial instruments must be allowed to freely

circulate within the markets throughout the country, except in those cases where it is absolutely necessary to impose restrictions in order to maintain social order and security and to protect the people's lives and health.

Thus, the civil liberties, especially the right of all citizens to free enterprise recognized by the Constitution (Article 57), will be guaranteed by the Civil Code. Only in this way will business operations and the peace of mind of all investors be really ensured. These operations are routine, regular profit-seeking business activities carried out by people who are responsible for their own losses or profits from the use of their property, from their buying and selling of goods, or from their completion of a job or a service. Here, the role of the Civil Code consists in creating proper legal conditions for and promoting such activities.

The Civil Code is considered to be legal basis of commodity-based relations because *the most important regulatory characteristic of the Civil Code is its stipulations about people's capability to assume responsibility for their property*. The task of the Civil Code is to create proper conditions for all subjects—be they consumers, independent producers and businessmen, or legal entities—to *bring into play the capability of their property*, and to protect the right of citizens to earn their living in a honest manner and to enrich themselves legitimately.

Second, The Civil Code is based on the principle of free commitment and agreement of all parties for their own interests. This is an important characteristic of *private law* as compared to *public law*. In this regard, the state's direct interference and regulation is a necessary factor and a universal principle.

It is thanks to a thorough application of the principle of free commitment and agreement that the Civil Code can become the most basic regulatory instrument of *market relations*. This is because the markets always require free enterprise, beginning with equality among proprietors and including equality among people having rights and obligations. The Civil Code creates a healthy environment for competition, minimizes the administration's interference in business activities, and opposes monopoly (natural monopoly and monopoly created by the management mechanism). In our country, until the promulgation of the Civil Code, the party and state have applied a series of measures along that line, such as the policies of gradually eliminating the department and localities mainly responsible for some economic sectors, establishing the property-based status of state-run businesses....

In the past, although economic units had the right to sign civil contracts, they essentially remained administrative

units. The existence of civil contracts was no basis for us to claim that there existed really equal entities having the right to carry out those contracts. From now on, the Civil Code will create proper conditions for economic units to become independent entities and parties in business relations, instead of remaining merely administrative units. Establishing a system of legal entities in the conditions of state businesses having to assume the leading role in the national economy is the only way to create parties in civil-law relations.

Our state is duty-bound, by means of civil law, not only to defend people's property right but also to protect their honor, dignity, sentiments and feelings, thereby creating conditions for people to develop fully and harmoniously. The objects to be protected by the Civil Code include not only citizens' rights but also everything that forms their legitimate value and personality.

For this reason, the socialist viewpoint must be reflected first of all in the full, comprehensive, and uniform protection of people's civil rights of people, ranging from the right to their property to the right of the person, and from the domains requiring only universal, common commitments to the novel areas within both the national and international boundaries.

Objects and Scope of Regulation of Our Country's Civil Code

A. Private law and public law—an important distinction concerning the objects and scope of regulation From the aforementioned analysis, we can distinctly see the need to clearly determine the sphere of social relations that could become the object of regulation of our country's first Civil Code.

As far as the objects and scope of regulation in the field of legal relations are concerned, the most distinctive feature of the Civil Code is its nature of a private law.

The property nature—also called the material nature—of the relations subject to regulation is used as the criterion for distinguishing between private law and public law.

Regulatory methods are also used to tell public law and private law apart. There are two principal methods: The coercion and submission method and the legal equality method.

According to the first method, everyone must comply with a predetermined, centralized will, and nobody may act as he pleases. The legal relations in such areas constitute public law. According to the second method, the legal relations give expression to the equality among private individuals. These equal parties determine for themselves the nature and substance of

their interrelated rights and obligations, chose their own business partners, and decide to use or not to use their subjective rights. On the basis of its application of this particular regulatory method, the Civil Code is considered to be the most typical branch of private law.

It is very important to distinguish between private law and public law, although, as stated earlier, we should not absolutize the boundaries between the two and the criteria for telling them apart. The practical significance of this theoretical issue lies in the fact that it serves as a basis for judging the extent of the state's interference in the private sectors and business activities. Mistaking one object of regulation for another will lead to unfathomable, disastrous consequences in socioeconomic life.

B. Civil law, commercial law, and other laws—a necessary distinction in determining the regulatory scope of the Civil Code

Civil law and commercial law are both typical branches of private law with a long history. The history of development of the process of regulating private, property relations in both of these two legal systems in the world proves one thing: civil law always serves as a general regulator and a necessary affirmation of the acts and responsibility linked with property. As for commercial law, this is an essential supplement to civil law.

There is the opinion that the Civil Code can regulate all private, property relations, for this reason there is no need for a Commercial Code.

A second view believe in the opposite: There must be a Commercial Code, and the object of regulation of this code is all business activities. This code shall include a general section and a section dealing with business contracts and commercial transactions.

From the world's historical experiences and from the realities of legal regulation in this domain in our country, we can see that both of the above-cited views are biased in their perception of the objects of regulation.

In our opinion, the biased character of the first view is that it only sees the main highway but fails to notice the smaller roads needed to lead us to the same goal. The presence of the Civil Code is the most important basis for regulating property relations and non-property personal relations in all domains of civil life. A lack of such a uniform regulation would prevent the normal development of civil relations and business activities.

The partiality of the second opinion lies in its misconception of the objects of regulation of the civil law and commercial law. This opinion considers civil law and

commercial law as two different legal branches, with commercial law being governed by its own principles and covering all things commercial.

Because of their refusal to recognize that civil contracts and commercial contracts are one by nature and to accept that commercial law is part and parcel of civil law, the authors of both the Draft Civil Code and Draft Commercial Code failed to put forward general principles for both civil and commercial transactions, to settle the common and private relations between the two spheres of activities and application of rules and regulations in the signing of contracts in reality, to deal with common violations (in civil law) of many general institutions of civil law and commercial law, and to clarify the relations between the Civil Code and other laws and secondary legal documents containing the rules and regulations of civil law. The most obvious evidence of this absence of relations is the lack of regulation in the Draft Civil Code of many aspects of the rights of subjects, both private and public.

With regard to private individuals—in their capacity as performers of civil activities—and their property rights and responsibilities, it is necessary to clarify *the elements forming an independent act for which the performer himself assumes property responsibility and the scope of implementation of citizens' right to free enterprise*. If there are no such regulations concerning the person, there will be no conditions for carrying out business, because business is first and foremost an act falling under the realm of civil law.

Concerning many legal entities—such as economic and legal organizations, central and local state organs, sociopolitical organizations, and cooperatives—their status as business subjects must also be clearly defined in civil law.

The necessity here is to clearly note the *civil and business subject status in order to clarify this particular status among the other positions of the above-cited subjects*.

If we simplify the determination of the legal status of the legal entities, on the one hand we will fail to fully bring out the particular and diversified nature of legal entities in our country and, consequently, will not be able to full see the *particular characteristics of the Vietnamese market*. On the other hand, such a simplistic and superficial stipulation will cause difficulty to legal entities in the process of applying the regulations of the Civil Code.

C. The extent of regulation of our country's Civil Code

Determining the extent of regulation is also determining the boundaries between the Civil Code and other legal

documents. But, to determine this extent of regulation, first of all we must clearly define the relations to be regulated by the Civil Code; then, on this basis we will carry out a *"division of labor"* regarding the extent of regulation.

The Civil Code determines the *legal positions of individuals, legal entities, and other subjects; it also defines the basis for establishing, changing, or terminating property relations and personal relations in civil transactions*(Article 1>. Article 11 of the Draft Civil Code stated that *all civil rights are protected by law*. Therefore, in the Civil Code it is necessary to fully describe *these civil rights* by means of unambiguous regulations. We can conclude that the Civil Code is not the only document regulating the relations falling under civil law.

This issue have two aspects: First, the "higher-lower level" relations of the regulations we need in our Civil Code; and second, the relations between the civil law regulations in the Civil Code and the civil law regulations scattered in different documents.

The multisectoral commodity-based economy operating under the market mechanism in our country has entered a new stage and in many domains has proved its vitality and capacity for sustained development. However, in many respects, we are still learning and experimenting while proceeding. For this reason, relations that help shape market regulations can not yet reach a high level of generalization. A high level of generalization is feasible only with relations that have really stabilized. Therefore, along with the civil law regulations of a general level of generalization, there should be other legal documents of a medium and concrete level of generalization. The Civil Code can be effective and successful only if there is such a combination of various regulations.

The process of elaborating our Draft Civil Code was not carried out according to such a *"package"* formula. Therefore, with a general level of generalization, it would be difficult to find a suitable mechanism to introduce those general regulations into life. With regard to the regulations scattered in many different legal documents already promulgated or to be promulgated in the future, the *"upper-lower level"* relations between the Civil Code and those scattered regulations should also be defined (in those case where it is feasible).

As far as the principles of the legal regulatory system are concerned, there are two conclusions that should be drawn from the Civil Code: First, the regulations promulgated before the Civil Code takes effect may be retained only if they do not contradict the regulations of the Civil Code; second, all the civil law regulations scattered in other legal documents must conform to the

regulations of the Civil Code. Article 5 of the 14th Draft Civil Code failed to clearly affirm this point when dealing with this issue.

The Civil Code has its own *"hard scope"* and *"soft scope"*. This is seen in the following cases: When there are no civil law regulations, different parties still may make commitments and sign agreements on establishing civil rights and obligations, provided such commitments and agreements do not run counter to the basic principles and regulation of the Civil Code and do not violate the lawful and legitimate interests of others, public interests, and interests of the state. Thus, commitments made and agreements signed between different parties under definite conditions also constitute a basis for the development of civil rights and obligations. This is a direction to follow in broadening the regulatory area of the Civil Code.

Civil relation customs and business customs are also considered to be a basis for establishing rights and obligations provide that they are not contrary to the law. But civil relation customs can be applied not only when they are not contrary to the law but also when they do not contradict the legitimate commitments and agreements of the parties concerned.

The principle of similarity is always a condition for supplementing laws, therefore this principle also helps broaden the regulatory sphere of laws. But as far as the order of priority in application is concerned, the principle of similarity may be applied only when there are no legal regulations, no commitments and agreements between parties, and no civil relation customs and business customs.

The regulatory scope of the Civil Code is also reflected in its stand based on the principles of justice, reasonableness, fairness, truthfulness, and integrity. But in those case where there are neither legal regulations to refer to nor commitments of the parties concerned, where no custom could be found, and where no similar regulations or a general principle of the Civil Code could be applied, then the principles of justice and reasonableness become the necessary basis for establishing civil rights and obligations. This stand of the Civil Code will help broaden the regulatory scope of civil law in civil relations.

In that spirit, we can understand the regulatory scope of the Civil Code in the case of relations involving and foreign factors.

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